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INTRABLOC AFFAIRS

Anti-Hungarian Charges, Disturbances in Transylvanian Town Analyzed

90CH0247B Bucharest ROMANIAI MAGYAR SZO
in Hungarian 23 Jun 90 pp 1, 3

[Article by Istvan Olah: "When the Chain Reaction Gets Loose"]

[Text] Some of our well intending [friends] would place at least an equation mark between the events that took place in Bucharest and in Csikszereda [Miercurea-Ciuc]. If the [events] in the capital amounted to an anarchist-Iron Guardist attempt for a coup d'etat, the events in Csikszereda amounted to at least Horthy-fascist, chauvinist, irredentist disturbances. (This was so at least according to the initial evaluation; then it appeared that the statement had been deprived of its adjective, just to reappear at the first session of the Romanian Parliament in the most extreme interpretation.) I am afraid to put words like these on paper, nevertheless I do so with certainty, though not slowly. These words gather over us like a mounting hurricane, and my concern is that some loyal newspaper which regards the watch over nationalities as its heartfelt duty will quote me verbatim, but out of the original context, of course. It was anti-Romanian from the outset, according to our good neighbor Representative Oancea, whose face turns red in providing proof. He is from Csikszereda and is a member of the Front Party. Somewhat before him we could also see on the television screen the way Senator and Vatra leader Motiu incited the mood in the Senate, with apparently less success than Oancea achieved in the House of Representatives. And if there had not been a hunch on the 13th which materialized in the crowd that was aware of power conditions and background circumstances—in the crowd which unfortunately stood idly by as children broke windows with stones and briquettes, and between 25 and 30 drunkards (no more) rampaged on the street and on the sidewalk. The hunch—actually the reasoning behind the chain reaction—is that once again we will be the black sheep, that once again they will refer to us and argue on the basis of our actions, saying: Here you have it, these are the Szekely people, the Hungarian nationality, coexistence, and the Transylvania problem cluster.... Accordingly, this is the aforementioned reaction, which is natural, because at first sight it was an unassuming moment [of the events]; it had its beginnings in a particular system, so that later on the analysis and the interpretation run far, all the way to reaching conclusions; this is how the Hungarian in Romania becomes anti-Romanian when he requests that the bilingual sign be returned to the wall of an institution in a nationality settlement after they put before his eyes a sign with a single inscription: and he does so not because individual persons would not understand that writing, but because it is nice if on occasion the state also proves its loyalty toward its citizens.

This NSZIT [expansion unknown] discussion of 19 June is not the first one held in Csikszereda since the disturbances. True, this one was convened at the municipium [as published]; the county forum held a session immediately the day after the events. They jointly reconstructed the events, many of them were eyewitnesses, and those who ventured to do more were threatened by the disorderly persons, or they simply did not listen to them. This testimony, however, should suffice to recognize without any distortion the sequence of events, and to analyze those events in the context of their logic and time sequence. Not the way Representative Ioan Oancea did, who stayed in Bucharest on the 13th, nevertheless was certain from a distance of 300 km that the disturbances had an anti-Romanian character and voiced watchwords which no one else but he heard.... Just how did he receive information so quickly? This question loses its validity if we take a look at the Romanian newspaper of the neighboring county (to avoid misunderstanding, we are talking about the Romanian daily newspaper published in Maros [Mures] County). On occasion this newspaper publishes information about Csik [Ciuc] County, and in general about the culprit Hargita [Harghita] County information of which the people here, meaning the authorities, are not aware.... Who is purposely leaking distorted news, who is disseminating fabrications? And even if in this great turmoil we no longer call to account human responsibility and morality because our inclination to do so has been blunted so many times by the loud and false irresponsibility of the accusers, we should act on the basis of criminal responsibility. Let us request that those who slander us be given what the law prescribes for them.... Yes, there has been an example in which charges filed by county authorities were dismissed claiming that the person did not say what he said about us with malice.

Another passage for Mr. Oancea: Clearly, he is not disturbed by the fact that he contradicts one of his earlier statements. True, it was he and a few others who filed a complaint against the people of Hargita County in January, whereupon a government commission arrived and concluded that the statement contained in the complaint was not true, to put it mildly, while it is also true that in the last third of March the Democratic Association of Hungarians in Romania [RMDSZ] and the Romanian Democratic League issued an authoritative document which made it clear that they will do everything they can in the interest of preserving public peace and calm. But Mr. Oancea is once again playing on the old musical instrument with only one string: He says that the nationality population chases away, stubbornly harasses the Romanians, making their lives impossible. I would be curious to know how many Romanians left for this reason only, and how many Szekelys departed [and travelled] across three, or even only one border—the latter obviously because in state politics, and in the upper regions, they are treating us the way they do.

Still, during spring, the Romanian Democratic League requested help from the municipium's NSZIT in regard

to 14 citizens of the Romanian native language in Csikszereda. The work contract of one of these persons has been cancelled indeed (but it so happened that the cancellation was made by the Romanian director of the enterprise because the person was not a good worker); the other became outraged when he found his name on the list of those chased away, just for the sake of argument. He filed a written protest: He will indeed leave, but for personal reasons. To top it off, the third person does not even prepare to leave the city, thank you very much, he feels comfortable. The fourth person wanted to be transferred because the enterprise [where he worked] was stagnating, and he could not earn enough money. Some of the persons "chased away" were unknown to everyone at the enterprises indicated; neither the director, nor the former cadre, nor the master knew about them, only those who publicized the offenses knew them. But they knew them very well. And so on. And so this is the situation, the NSZIT replied in its return statement requested by the Democratic League. But what difference does that make? On the one hand, false information is floating around in the country because this constitutes sensation. A person living peacefully (uneventfully) is no sensation. On the other hand, there are people who specialize in the invention and propagation of pirate news.

There were indeed disturbances in Csikszereda on 13 June. The counselling body says that they are quite embarrassed. This is indeed the city's shame. The events claimed no victims. The intent and goal were not the same as what we learned from television. Well, this is how the conference took place. Only this much more: Conference members commented in the Romanian and the Hungarian languages, because this is how it goes when four out of the 11 officers of the executive committee are Romanians....

Postscript: Mr. Chicea, the commander of the municipal police, provided good advice, worth considering by journalists present: If possible, do not make the public mood more tense, and write in such a way that the city sees its benefit. So that there may be calm at last. In this regard we may also provide help to the police. Any one of us representatives of the local and central Hungarian language press present at the conference will be pleased to do so.

Tokes Assessment of Iliescu's Situation

25000746A Budapest NEPSZABADSAG in Hungarian
16 Jun 90 p 2

[Article by Laszlo Rozsa: "One Cannot Endlessly Conduct Political Discourse Behind Masks"]

[Text] Nagyvarad [Oradea] Reformed Church Bishop Laszlo Tokes and Marosvasarhely [Tirgu Mures] puppet theater directress Enache Smaranda, who spoke at the Hungarian-Romanian reconciliation conference in

Budapest, discussed their situation and the anticipated effects of the most recent events in Romania at a press conference.

In his introductory remarks, Bishop Tokes confirmed that even in the present constrained situation in Romania he intends to strengthen intentions to reconcile Hungarian-Romanian society and to reach Europe by way of an approach among the people. Thereafter Tokes said that the Temesvar [Timisoara] events were not of local, but of universal significance, because in reality the Romanian revolution did not begin in Bucharest but in Temesvar.

He discussed the fact that following the revolution he was celebrated as a national hero, and that now, after additional changes, they are once again conducting a slander campaign against him, concealing the fact that from the outset he has stood up for democracy and Romanian-Hungarian reconciliation. He is being accused of trying to tear Transylvania away from Romania. But a smear campaign is being conducted not only against him, but also against virtually every member of the opposition. That is, the remaining Romanian nomenclature wants to block the path of democratic development and of reconciliation between nations and nationalities. This is why they initiated the slogans "Down with Temesvar!", "Down with Laszlo Tokes!", "Down with the Hungarians!", "We do not believe in Europe!" Despite this fact Tokes stressed that the cause they are defending is not strictly a Hungarian affair; at issue are the future of democracy and the cause of Romania and Europe. For this reason he does not give up hope about overcoming the crisis, and that Hungarians and Romanians will be able to proceed together.

This political vision of Bishop Tokes was confirmed by lady Enache Smaranda; in the end the Europe of freedom and tolerance will prevail, and everyone will be able to freely declare his identity. She announced: The government did not comply with its initial commitments with regard to the educational and cultural requirements of nationalities, and everything possible must be done to restore human rights in Romania.

Responding to a NEPSZABADSAG question as to whether President Iliescu consciously reneged on his earlier political promises in this regard, or if the weakness of his position and the various pressures he experiences prompted him to deviate from the promised path, Tokes said that he was neither anti-Iliescu nor anticommunist, because in his perception anticommunism is the same extreme as communism. Accordingly, it is not his goal to bombard Iliescu. The possibility exists that Iliescu is not so much of a devil as he has been made to appear recently. He is showing many signs that he was unable to stand up firmly against crisis ridden communism because democratic forces do not really have a mass base in Romania. Accordingly, he was forced to compromise with the situation; a different struggle is going on in the background between the military and the Securitate. The Vatra Romaneasca appeared, and it

whipped up ultranationalistic sentiments. Iliescu proved to be weak in repressing such forces on the one hand, while on the other he is forced to give in because he would fall victim to the situation unless he took an accommodating stance. This is why he fostered hopes that if he gains strength after the elections he will be able to permit himself to conduct his politics in a democratic manner. Unfortunately the most recent events have provided a stunning disappointment, and even the last drop of confidence is fading away. It will be decided, it will become clear in the coming days just what this is all about. One cannot endlessly conduct political discourse behind masks.

Asked by NEPSZABADSAG about the Romanian population's response to the noble stance manifested by Enache Smaranda and her Romanian associates on behalf of Hungarian minority rights and reconciliation, the directress called attention to the fact that history has always brought her into unpleasant situations in the mutual relationship, but at this time we must be fully realistic about the fact that we are coexisting in Europe and that we must respect each other. Beyond the fact that we see that there is also an extremist trend in Romania, there is a rather broad stratum which understands that they were only manipulating against the Hungarians, that they used the Hungarians as a scapegoat in the adverse economic situation in which Romania finds itself.

HUNGARY

Warsaw Pact: Past, Hidden Scenarios Revealed

90CH0170A Budapest NEPSZABADSAG in Hungarian
10 May 90 p 7

[Interview with Andras Hegedus by Jozsef Gyorgy Farkas; place and date not given: "How Did We Join the Warsaw Pact?"—first paragraph is NEPSZABADSAG introduction]

[Text] It will be 35 years on 14 May that in Poland's capital the prime ministers of the Soviet Union and seven Central East European and Balkan states (Albania, Bulgaria, Czechoslovakia, Poland, Hungary, the GDR, and Romania) put their signatures on the "pact of friendship, cooperation, and mutual assistance" through which, in practice, a new military-political alliance was created. The member states of the Warsaw Pact Organization formed their unified armed forces whose first supreme commander was Ivan Konyev, marshal of the Soviet Union; this position has been passed on by representatives of the Soviet Army to one another ever since. Of the signing heads of state only Andras Hegedus is still alive; he headed the government from April 1955 to 23 October 1956 and signed the document at the age of 32 as the youngest Hungarian prime minister to date. Andras Hegedus, who in the past 35 years has distanced himself from his earlier views and has been studying social phenomena as a sociologist of international renown, readily shared with our newspaper his thoughts

and memories arising in connection with the anniversary. The interview was conducted by Jozsef Gyorgy Farkas.

[Farkas] What were the antecedents to the establishment of the Warsaw Pact Organization?

[Hegedus] For us, actually, it was Hungary's liberation, i.e., occupation. The reason I say it this way is that it is called occupation in some circles and liberation in others. As far as I am concerned, I consider it liberation because truly a new life began for me when the Soviet troops reached Damjanich Street in January 1945.

The Hungarian Army was relatively slow in building itself up beside the massive presence of Soviet troops. Actually, only one or two divisions existed in the beginning, and although the army corps subsequently grew to full army size, in essence it was run under the supervision and control of the Soviet staff. I think two things made the Warsaw Pact necessary. One was that the Soviets wanted to legalize the conditions mentioned, because NATO had already built up a well-organized international army system while here, in Eastern Europe, national armies existed, in essence, under Soviet control. The Warsaw Pact served partly as an unequivocal legitimization of this, and established the allies' military staff and the post of supreme commander. Thus, it created a unified—and now legalized—leadership for previously nonlegitimate relations. I must add, of course, that, as we all know, this was no true legalization either, since the governments were not legitimate in the true sense of the word. For they were not elected by the people but came into being through various manipulations, and not only in Hungary but in other places as well. Furthermore, signs of deep crisis were beginning to show in Central East Europe, particularly after, but even prior to, Stalin's death. This crisis was manifest in the 17 June 1953 Berlin uprising and in the preceding strikes in Czechoslovakia and Hungary. The large-scale administrative-oppressive system which characterized the countries involved actually also indicated and reflected the resistance of the people, and the peasantry in particular. The signs of the crisis were also felt by the Soviet leadership. This is how the period of reform began, which, in Hungary for example, unfolded in the second half of 1953 and in 1954. That was followed by a reversion, reflecting a certain degree of fear regarding the consequences of the reforms. All of this prompted the Soviet leadership to increase political unification in the countries under its control. The Warsaw Pact's Political Conference Board, which included the first secretaries of the state parties and the prime ministers, subsequently served this purpose.

Reason and Pretext

[Farkas] What international and global political reasoning played a role in forming the Warsaw Pact?

[Hegedus] I believe that West Germany's admission to NATO membership was more of a pretext than a real reason. At that time no really combat-ready army existed

there yet, and this, in itself, would not have necessitated the creation of the Warsaw Pact. On the other hand, the Soviet leadership evidently wanted to confront NATO with a similar alliance based on international law. This—or rather, propaganda—was the reason why it then exaggerated German revanchism. I myself also fell into this trap; I believed this because, as an antifascist youth “movementist,” I fought against the German occupation. Up to that time, I had never been to Germany and had no personal experience. I recall, I said in my radio speech with complete conviction and belief that this Warsaw Pact was directed against German revanchism and would guard our country against another German occupation.

Molotov's Role

[Farkas] If in practice the necessity for establishing the Warsaw Pact resulted from reasons within the block, then why did the Soviet Union not create the Warsaw Pact Organization earlier? For NATO was already established on 4 April 1949....

[Hegedus] I think the answer lies primarily in Stalin's personality. Until 1953, Stalin was an unrestricted despot, the absolute ruler of the entire region. He did not like legitimate solutions because he felt that organizations and conference committees working within legal forms would perhaps limit his activities. He allowed only one such organization, the Kominform Information Office, which had been operating since 1947. However, only Communist Party leaders took part in this, and it was not a military but an exclusively political organization which served primarily as a vehicle for political propaganda. The other reason for the “delay” in establishing the Warsaw Pact was that a merciless power struggle began within the Soviet leadership after Stalin's death. Although the first chapter of that struggle ended in 1953 with Beria's execution, the conflict between Malenkov and Khrushchev intensified. The strange thing in this was that Malenkov was reform-minded. In Hungary, there was a similar conflict between Rakosi and Imre Nagy. While Imre Nagy was closer to Malenkov, Rakosi—also because of his function—sided with Khrushchev. Khrushchev emerged from this party struggle as the victor at the end of 1954 when Malenkov was relieved of his post as prime minister and was replaced by Bulganin who was not the most influential marshal but was still close to Khrushchev at that time. At the same time, Khrushchev took into the leadership with him the two most conservative men, Molotov and Suslov. Molotov's role in the establishment of the Warsaw Pact was very significant, for he was the minister of foreign affairs, and the Ministry of Foreign Affairs functioned as one of the most powerful organizations within the Soviet Union. Thus, although Bulganin was the one who signed the document, the idea came from Molotov.

I went to Moscow twice during the few months preceding the formation of the Warsaw Pact, namely, in November and December of 1954. Both times the necessity for

concluding the Pact was mentioned, and both times it was Molotov who fought insistently for it. I think that Khrushchev was more the father of the Yugoslavian Canossa penance—where he did not even take Molotov or Suslov with him but was accompanied instead by Mikoyan and Bulganin. At the same time he was, in essence, also the father of the state agreement with Austria which, I think, proved to be the most positive step in post-World War II Soviet foreign policy for this region, Central Europe, until the most recent years.

[Farkas] Military presence was undoubtedly one means of Soviet influence in Central East Europe. Was the creation of the Warsaw Pact perhaps an effort to continue this military presence in the period following the state agreement with Austria? After all, it was signed one day before the Austrian agreement....

[Hegedus] There is no mention in the Warsaw Pact of the presence or absence of Soviet troops in the individual countries. The stationing of Soviet troops was regulated by bilateral agreements between the Soviet Union and the individual states. The permanent presence of Soviet troops in Hungary was a consequence of such a bilateral agreement. Although Hungary was located outside the main strategic route, it was considered part of a very important secondary strategic line. Soviet troops left Romania in 1958, for instance, no troops were stationed in Czechoslovakia until 1968, and only troops necessary to maintain a connection between the Soviet Union and Germany were stationed in Poland. Thus, military presence was the result not of the Warsaw Pact but of special agreements between the Soviet Union and the individual states.

[Farkas] With regard to Hungary, what justification was given for the need to station Soviet troops there between May 1955 and October 1956?

[Hegedus] They were mainly strategic considerations. The Hungarian Army was not as well equipped as the Czechoslovak armed forces, for instance.

[Farkas] Was there not some kind of mistrust on the part of the Soviets? Did they have more trust in the Czechs or Romanians than in us?

[Hegedus] This certainly played a role, and not only on the part of the Soviets. I spoke with Mao Zedong in Beijing in 1954, for example, and he questioned me for almost an hour solely about the basis for my statement that the Hungarian Army was dependable. For Hungary did not take part in guerrilla warfare (incidentally, there was in fact no guerrilla warfare in Hungary), Hungary's pullout from the war was unsuccessful, etc., etc. And if this was Mao Zedong's opinion, this could have presented a problem for the Khrushchev group as well....

[Farkas] Prior to signing the document, how aware was the Hungarian public and, in general, the countries involved, of the kind of agreement that was in the making? Was there any resistance against yet another limitation of this kind?

[Hegedus] Certain preparations did take place. At the very end of 1954, there was a meeting of the prime ministers in Moscow in which I participated as deputy prime minister because, if I remember correctly, Imre Nagy was busy organizing the People's Front. The preparation of propaganda consisted mainly of exaggerating the threat of revanchism, trying to elicit in people a feeling of danger. I would, however, like to emphasize that the Warsaw Pact did not emerge as another limitation. The armies of these countries already functioned as subordinates of the Soviet staff. The formation of a new chain of command with a staff (even though its chiefs were always Russians) signified a kind of legalized structure. Moreover, from that time on, a political advisory board controlled, as much as it was able to control, military spending, military strategy, and security policy. Namely, the leaders of the allied countries did not have enough autonomy to shape their own position in issues of strategy or security policy and then to defend it against the Soviet standpoint.

War Plans Against Belgrade

[Farkas] What are your recollections of the moment of signing the Pact? What went on during those days in Warsaw?

[Hegedus] Actually, in keeping with the custom of that time, everything was prepared for us ahead of time. We took with us the various remarks (I prepared them in writing and showed them to Rakosi and Gero), so this meant that no real discussion took place. The draft agreement was read, then the various remarks were delivered (this was when a bit of individual color was added here and there, for the participants were different people) but, in essence, this was no real discussion. Rather, the meeting consisted of telling anecdotes instead of discussing the agreement. I recall one comment which touched upon the agreement. Bulganin asked China's minister of defense, who was present, whether he would be able to bring ten million Chinese to Central Europe if, in view of defense, the need arose. Marshal Peng Tohuay replied that, of course, nothing would stand in the way. This filled me with horror, conjuring up in me the image of another Mongolian invasion when ten million Chinese would move through Central Europe.... I repeat, these were not real discussions. Prepared documents lay before us, material already accepted by the Soviet leadership, and neither their representatives nor anyone else had any real authority to change anything afterward.

[Farkas] Still, was the draft, accepted in the Soviet Union, sent to the capitals of the countries that were to become members so that they could look it over and form an opinion, or was there some kind of Hungarian standpoint, or else was the draft sent back to Moscow with the comment that we could not come up with anything better either?

[Hegedus] The Hungarian Ministry of Foreign Affairs took part in the preparation of the draft agreement. The

draft was forwarded to the Hungarian political leadership in the form already approved by the Soviet leadership, and, as I recall, we accepted it without any comment. For good measure, I must say that there was a hidden problem behind the whole thing. During the time before Stalin's death, there was indeed a real danger of World War III. It seemed as if Stalin wanted to put the West to a test and wished to start a local war against Yugoslavia. Unfortunately, we Hungarians, a "frontline country," were precisely the ones who had to make many of the preparations. We had to do such terrible things as displace part of the population from the border zone in preparation for this "local" war. I felt it then too, and I suspect it now also, that Stalin perceived better than his successors that balance cannot be maintained between two blocs whose ratio of economic production is, say, one to three—or, as today, already one to four and a half. At that time the communist parties were still very strong in France and Italy, but these systems, including that of West Germany, were relatively weak. Stalin took into account the possibility of a third world war which would be fought with traditional weapons and armored divisions and in which he would be able to reach even the Atlantic Ocean, and this would have meant that, with the exception of England, Europe as a whole would have come into the same bloc. A terrible fear of this influenced everyone, we Hungarians especially, for we were particularly devastated by World War II as many of our people perished and it was with great difficulty that we fought our way out of our grave economic situation. I knew that a third world war could be even more dreadful, so when we were relieved of this fear, too, after Stalin's death in 1953, I felt that this brought me a second liberation, and this feeling was not weakened by the signing of the Warsaw Pact. Instead, it meant a certain further assurance.

Ethical Bankruptcy

[Farkas] In your judgment, did the signing of the Warsaw Pact exert a positive effect on the international climate?

[Hegedus] I believe that, in this regard, the most important thing was not the signing of the Warsaw Pact but Austria's new neutrality and the withdrawal of Soviet troops from there, moreover, the end of Soviet-Yugoslav tensions and Khrushchev's trip to Yugoslavia in late May 1955. The Warsaw Pact had a secondary or tertiary significance but, let us add again, without any major negative effect. I would perhaps note here that on 4 November 1956 when Soviet troops intervened in Hungary, they did not do so in the name of the Warsaw Pact but assumed complete responsibility themselves.

[Farkas] In contrast to 1968...

[Hegedus] Yes, at that time Brezhnev felt that he could act in the name of the Warsaw Pact, pulling the others into the intervention in Czechoslovakia with him. Certain tensions existed at that time also, for Romania did not participate in it and Hungary dragged its feet, at least until it was able to...

[Farkas] According to the charter, the Pact serves to defend the member countries. And yet, since its formation, the only intervention of the Warsaw Pact countries was done by the Warsaw Pact's five member states against the sixth member state, Czechoslovakia. In the knowledge of this paradox situation, do you still see some kind of justification for the existence of the Warsaw Pact or you think that it has outlived its mission in any case—if indeed it had a historic mission at all?

[Hegedus] In my opinion, the 1968 action unequivocally stigmatized the Warsaw Pact ethically. It was an entirely illegal action which contradicted the agreement's charter. In my letter to the Central Committee I did protest at that time against Hungary's participation, and I feel that, as one of the signatories of the Warsaw Pact, it was my responsibility to do so. I think it was a mistake on my part not to have done it more publicly. Although it failed ethically, the Warsaw Pact continued to live, albeit with decreased influence. I think—although this is rather difficult to say but I must say it anyway—the Warsaw Pact has become mere fiction by now. On the one hand, the armies of the various nations are going their own way. The Romanian Army has its own plans for taking part in the country's transformation; in essence, the East German Army has been dismantled, half of its force has simply disappeared; the Czech and Polish Armed Forces are also in a state of change, and the Hungarian Army likewise. Thus, from a military point of view, the Warsaw Pact is unequivocally fiction. In the meantime, the supreme commander of the Warsaw Pact troops is sitting in Moscow, and I do not know how much he understands of what is happening here. Of course, this does not apply to the armed forces under the Soviet staff's command which represent enormous military potential. On the other hand, the Political Conference Board, in which the top leaders of state parties and prime ministers have taken part until now has, in practice, also been dissolved. A completely different situation has emerged; various relations are being established between the Warsaw Pact's member countries and the West. I think that life, and history, have transcended the Pact. And I am happy to have lived to see it.

Antall on Relations With Germany, NATO, Common Market, Warsaw Pact

*25000744D Budapest NEPSZABADSAG in Hungarian
18 Jun 90 p 3*

[Article by Sandor Gyorgy: "Conditions Are More Favorable Than Ever; Jozsef Antall's Statement in WELT AM SONNTAG"]

[Text] "The military organization of the Warsaw Pact has lost its meaning under the present circumstances. For this reason our country does not want to remain a member of the Pact under any circumstances," Jozsef Antall declared in an interview published in the latest issue of the West German weekly WELT AM SONNTAG.

The prime minister added that Hungary stands for the gradual dissolution of the Warsaw Pact by 1991. Speaking of other issues, such as the West European integration, Antall pointed out the fact that we intend to have closer ties with both the Common Market and with EFTA [European Free Trade Association]. Insofar as the former is concerned, our main goal is to achieve an associate membership. Aside from that, however, the prime minister found the possibility of becoming a full-fledged member of the Common Market within the next decade to be conceivable. As he said: His government will do everything to achieve that goal.

Antall explained that the unparalleled opportunity that was given to do away with the division of Europe must be taken advantage of. Hungary stands for European integration, which does not contradict the Atlantic concept. The appropriateness of the Atlantic concept was proven by the world wars in this century. Antall voiced the opinion that as a member of NATO and of the Common Market a united Germany is faced with obligations which represent satisfactory guarantees for not threatening with its sovereignty the legitimate security interest of its neighbors. In the prime minister's view a neutral Germany would represent a greater uncertainty than is implicit in the Western system of alliances.

Responding to several related questions, the prime minister described the relationship between Hungary and Germany in detail. He termed the extension of the purview of the Hungarian ambassador to Bonn to cover East Berlin as a matter consistent with realities, one that will be followed by several countries in the not-too-distant future. On the occasion of his first visit in the capacity as head of government Antall said that amid circumstances of a unified Germany and a Hungary that has become free, conditions are more favorable than ever to reach new qualitative levels in our relationship. He made reference to the exclusive character of Hungarian-German relations, and to the fact that the world received rather positively the fact that last year Hungary decided to permit Germans from the GDR to leave by way of Hungary.

Speaking of economic cooperation, the prime minister pointed out the Hungarian endeavor to achieve equilibrium in the [trade] balance, moreover: without restrictions. Liberalization that has taken place in both directions is already showing its beneficial effects: During the first five months of this year Hungarian exports increased by 32 percent—an above average achievement. Hungarian efforts do not concentrate on mercantile trade alone, but also on rendering the country increasingly attractive to German investors. In conclusion the head of government praised the experiences which Hungary may adopt from the FRG in the course of changing systems.

Antall Predicts Anarchy, Dictatorship if Coalition Fails

25000744F Budapest NEPSZABADSAG in Hungarian
18 Jun 90 pp 1, 5

[Article by Attila Gy. Fekete]

[Excerpts] [passage omitted] Thereafter the [MDF (Hungarian Democratic Forum)] national meeting elected five new members of the presidium, increasing the membership of the presidium from 14 to 19 members. Istvan Bethlen, Gyula Zacsak, Gy. Csaba Kiss, Laszlo Medgyasszay, and Katalin Filo became presidium members. [passage omitted]

Several persons suggested that the government relieve newspaper editors who do not provide adequate information in their newspapers concerning the MDF. They also proposed that the government require its official newspaper MAGYAR HIRLAP and that the MDF start a daily newspaper as soon as possible.

It was announced that the managing body of the Association of European Democratic Parties [EDU] accepted the MDF as a member, and that the organization elected Jozsef Antall as its vice chairman.

"We must strengthen our local organizations," several people urged, because they find that as of recently the MDF has weakened in the countryside. Others expressed their feeling that it was a mistake to allow so much time before local elections are held; the fact that the people of the old order are still heading the councils deteriorates the public mood and raises doubts about the change in the system. [passage omitted]

Antall also discussed in detail the referendum initiative now in progress. He stressed that a new campaign period in which the parties once again turn against each other would threaten the stability of governance. The prime minister reiterated his view that the authority of the president does not depend on the body that elects him, and that the Hungarian law governing popular referendums is simply ridiculous. This is because one could gather 100,000 signatures for virtually any cause, and in this way Parliament can be pressured continuously. (In Antall's opinion the number of signatures needed to initiate a referendum should be increased to 500,000.) This initiative amounts to no more than a mockery of the essence of representative democracy. In this relation Antall reported the position adopted by the MDF presidium: The party stands for the election of the president of the republic by Parliament.

Responding to some harsh, in a few instances extremist, remarks, the prime minister said that if the MDF endeavors to establish democracy, it cannot use the means and method of dictatorship against its opponents. At the same time, he called upon all citizens of Hungary who aspire to achieve democracy to form citizen committees and to guard the evolving democracy. They

should establish an atmosphere within their closer milieu in which forces intent on turning back the wheels of history do not prevail.

There will be anarchy in this country and the threat of dictatorship will exist if the coalition fails and some other democratic force takes its place, Antall said.

Politicians Comment on Indirect Presidential Election, 2-Year Term

25000744G Budapest NEPSZABADSAG in Hungarian
19 Jun 90 p 4

[Report by Jozsef Bartha Szabo: "How Should It Be?"—first paragraph is NEPSZABADSAG introduction]

[Text] Miklos Nemeth and Zoltan Kiraly proposed [in Parliament on 18 June] that Parliament should elect a president, but only for a two-year term. Meanwhile, a referendum should determine the method by which the president of the republic should be elected. We asked representatives of the various parties in Parliament how they felt about the proposal.

Rep. Jozsef Torgyan, Independent Smallholders, Agricultural Workers, and Citizens Party [FKgP]: This kind of temporary solution should be rejected out of pocket, because it disputes the correctness of a legal structure accepted by the Europe we wish to approach. The mandate of the president of the republic should last longer than the term of Parliament, so that the president can guarantee legality and legal continuity. If at this time we elect a president for a two-year term, under no circumstances would such a mandate serve the stability of the country. And yet, that is most important. Accordingly, Parliament should elect the president of the republic for a five-year term.

Rep. Laszlo Czoma, Independent: The people are impatient. The signatures numbering about 200,000 unmistakably indicate that they want to decide, and that they do not want to leave the choice of president of the republic to party strife. And since I represent the people in Parliament, I naturally profess as an obvious matter that the people must elect the president of the republic. Miklos Nemeth's proposal tries to balance halfway between the two camps. I regard it as a consensus-seeking proposal which may serve as a useful basis for negotiations....

Rep. Denes Csegey, Hungarian Democratic Forum [MDF]: The Hungarian Socialist Party [MSZP] took a huge risk with its action to initiate a popular referendum, because forces outside of Parliament from which the MSZP is trying to vividly distance itself could have easily changed this initiative into a no confidence motion against a democratic Parliament. Even the most murky elements which support a state party envision an opportunity for a renewed advance by joining the MSZP initiative. Similarly, it is not inconceivable that under the pretext of this action, although in a milder, more constitutional framework, we would see a repetition in

Hungary of what we are witnessing in Bucharest: They want the people to beat, the people to attack the Parliament freely elected by the people. In such a case the role of the Zsil [Romanian name unknown] Valley miners would be played by those otherwise decent and honest people convinced that the people must elect the president. In my view Miklos Nemeth assessed this tremendously large threat, which, incidentally, could also have driven the MSZP into a catastrophic situation, and with his proposal, which reflects a sense of responsibility, he also made the situation for the democratic Parliament easier. This proposal deserves attention, and it is suitable for arriving at a healthy compromise.

Rep. Gabor Fodor, Association of Young Democrats [FIDESZ]: From the outset we have held the view that Parliament should elect the president of the republic. Independent of that, however, the changed proposal cannot be dismissed by a stroke of the hand. We regard it as a proposal which merits serious consideration. We must thoroughly debate this proposal, and consider it in formulating our position.

Rep. Bela Katona, MSZP: On this day the largest party faction put a question mark to the first decision made by the president of the republic, and in reality called upon him to rescind the deadline established for local elections. [The president of the republic] has altogether five areas in which he can render independent decisions. This was one of them. Well then, in my view this means that the position of a president of the republic elected by Parliament is extremely unstable in a Parliament which conducts such broad ranging political discourse. The method by which the president of the republic should be elected is much more a political than a technical issue. For this reason I believe that the present dilatory proposal cannot provide a reassuring solution under any circumstance. There can be only one reassuring solution: if the people elect the president of the republic.

Rep. Miklos Hanko Farago, Alliance of Free Democrats [SZDSZ]: The SZDSZ deeply supports the institution of popular referendum, at the same time we feel rather great contempt for those who persuaded the MSZP to initiate the signature drive, supposedly in hopes of succeeding to reverse the wheels of history. We hope they were wrong. We treat the modifying amendment as a political proposal and feel that it should be recommended for consideration.

Rep. Emese Ugrin, Christian Democratic People's Party [KDNP]: I continue to believe that the president of the republic should be elected by the people. I would not be opposed to the idea of the people deciding in what manner the president of the republic should be elected. The populace could be asked this question simultaneously with the local elections; in this way it would not even cost extra money. We must think about this a lot more, and evaluate with lawyers and others the kinds of consequences the proposal made by Miklos Nemeth and Zoltan Kiraly may draw.

2 Economic Ministries Discuss Organization, Functions, Personnel

25000745M Budapest MAGYAR NEMZET
in Hungarian 18 Jun 90 p 4

[Article by (k. gyurko): "Working Meeting in Sneakers; How Do the Two Economic Ministries Work Together?"]

[Text] "Please, don't hesitate, get into the elevator with me," Minister of Industry and Commerce Peter Akos Bod called on workers at the ministry, viewing it as an odd practice that an elevator is reserved for him when he arrives at the office in the morning. This directness characterized Saturday's working meeting held in sneakers at the Ministry of Industry and Commerce [IKM] resort at the Roman Shores [North of Budapest]. At the meeting the ministry's leadership introduced itself, and a few specific statements were made concerning the ministry's organizational structure. Administrative state secretary Henrik Auth said that negotiations had been held with the Ministry of International Economic Relations [NGKM] concerning authorities and jurisdiction; according to the agreement, in principle foreign tourism will come under the jurisdiction of the IKM, while in regard to the attraction of foreign capital, foreign trade, and other matters involving Hungarian enterprises supervised by the IKM, but which are functionally under the jurisdiction of the NGKM, there will be organizational cooperation between the two ministries. The NGKM's task is to develop the state's strategy regarding the external economy and economic diplomacy, while the IKM is responsible for the organization of a unified market. The internal structure of the IKM evolves accordingly. The function of deputy state secretary Tamas Schagrin, responsible for the commercial bloc, will be the development of the institutional system of the marketplace, as well as the privatization of commerce, the hospitality industry, and the service industry. The deputy state secretary discussed the fact that the State Property Agency is expected to come under government supervision, and that the Property Agency's board of directors will be composed of persons delegated by the various specialized ministries. Specialized ministries will make recommendations as to which enterprises should be privatized, and the board of directors will render a decision. Deputy state secretary Balazs Botos is the head of the industrial policy bloc. Arpad Bakay will be the deputy state secretary for the energy bloc. The economic bloc would cover privatization outside of commerce, the enterprise organizational system, and the information network.

Workers at the former Commerce Ministry who dealt with domestic commerce complained that they do not yet know their fate. Workers of the former Industry Ministry learned only that superfluous functions will be discontinued, but the leaders are counting on the work of every professional.

Weekly Reviles New Leaders for Not Demanding Transylvania's Independence

90CH0199A Budapest SZENT KORONA in Hungarian
18 Apr 90 p 2

[Article by Laszlo Romhanyi: "Petre Roman: 'Romania Consists Exclusively of One People, Founded on the Social Basis of Culture and Language'"]

[Text] It is becoming increasingly obvious to the world that in Romania the new leadership, which came to power in the revolution late last year, is continuing the Great Predecessor's homogenization program. Ceausescu created a perfect police state, one in which such Bolshevik traditions as the rewriting and falsification of history, the resettlement of ethnic groups, the dilution of ancient communities (by bringing in settlers), and the liquidation of the nests of bourgeois mentality (the closure or reorganization of universities, theaters, the radio, and the press) became paramount national interests.

Our headline quotes the present prime minister from an interview he gave a Swiss reporter. Not even Ceausescu, the Great Predecessor, could have formulated more accurately the slogan of Pan-Romanian identity.

Yes, the great Romanian revolution of late last year is full of puzzles and question marks by now. This much is certain: The "hand" of Gorbachev and the KGB reached far; the Conducator was jeopardizing the Middle East interests of the Kremlin's masters too much; with Qadhdhafi and Arafat, Ceausescu was a strong force, constantly countering in the field the mutually coordinated maneuvering of the United States and the Soviet Union.

Ceausescu had to die.

The manner of his death was very apt: His own comrades riddled the modern-day Dracula with bullets. Since then the military judge who sentenced Ceausescu has committed suicide under mysterious circumstances (a news item familiar from Communist history), and the tens of thousands of fleeing Securitate members have quietly drifted back into homogenizing power. The king is dead, long live the king!

From the Hungarian viewpoint, the essence of the change of roles in Romania is that the country has entered a new era in many respects (Romania's military industry has been dismantled, its arms trade has ended or at least has been reorganized in accordance with Soviet interests, its production of artificial diamonds has been shut down, and its trade in narcotics has dwindled), but the program to absorb the ethnic Hungarians of Transylvania has not been deleted from Bucharest's policies.

It is a regrettable historical mistake that in present-day Hungary groups of intellectuals are coming to power who, on the basis of their past connections, regard the Romanian-Hungarian conflict as a momentary flare-up of extremist outgrowths. Obviously, the connections of

an elite of writers and translators of literary works are no match for a police state's system of interests. It is a naive illusion that, by reviving the period of past mutual dreams with their Romanian friends, the principal actors in the change of regimes in Hungary will now be able to sit down and decide over a couple of beers where Transylvania, the Banat, Moldavia, or Wallachia should belong.

The tragedy of Andras Suto marks yet another failure of the naive intellectuals' choice of decent alternatives, and every new illusion of reconciliation claims more and more lives, and opens the gates to annihilation for another wave of refugees. Instead of selling our siblings fleeing from Transylvania like slaves to South Africa, Hungary must protect each and every one of them, wherever he or she may be living within the Carpathian Basin.

The fact that the Securitate moves around in Hungary as if it owned the place is the most convincing proof that competent organs of state power in Hungary are supporting Petre Roman's police state through well-coordinated actions, while murderous pogroms terrorize the Szeklers of Marosvasarhely [Tirgu-Mures] revolting for their freedom.

A Hungarian cannot betray his own kind!

There is no place for demagoguery that legitimizes the persecution of Hungarians. The "first free elections" will be in vain, freedom of opinion will be idle chatter, and the republic will be a dead formation if all this serves to obscure the real Hungarian national tragedy.

As the anniversary of the Trianon Treaty approaches (7 June will be the 70th anniversary of that dictated peace), we are advancing from prohibition by the single-party system to prohibition by the multiparty system. Only such vagabond behavior can allow the publication of the commentary that appeared in the 4 April issue of MAI NAP, which I quote:

"Stupidity of the Day: Very early this morning, at the metro exit to the Southern Railroad Terminal, several commuters on their way to work stopped in consternation. Activists of the Christian National Union were putting up posters that read 'A Separate, Independent Transylvania!' This stupid demand reminded us of the efforts of Romania's ethnic Hungarians to protect their native language; and of the fact that certain chauvinistic Romanian groups had accused Hungary of striving to redraw the borders, and had blamed us for the bloody events in Marosvasarhely. Those who made the posters seem not to realize that their foolish scribbling can harm the interests of Hungarians on the other side of the border, and can undermine the international credibility of Hungarian diplomacy, providing a basis for the anti-Hungarian pogroms of certain Romanian chauvinistic groups."

What is really happening in Hungary is that the change of regimes is being used as a smokescreen to shroud the

revolution of Transylvania's ethnic Hungarians in a conspiracy of silence! And this is being done by the turncoats who, having served Kadar, Grosz, and Miklos Nemeth, are now dishing out their anti-Hungarian programs to the new forces in power. And, instead of declaring the nation's independent political will, the new forces in power—albeit Hungarians—will play their role according to the cues that the turncoat prompters supply.

Are the MDF [Hungarian Democratic Forum], SZDSZ [Alliance of Free Democrats], FIDESZ [Alliance of Young Democrats], and the Smallholders Party perhaps unaware that cars of the Securitate appear regularly, daily, in Szabolcs-Szatmar County? Their mission must be important if the organs of the Hungarian Interior Ministry maintain complete silence about them. Yet every Szabolcs-Szatmar resident knows that the occupants of the cars bearing Romanian 1 SM (smaller than 1000) license plates are Securitate agents. Indeed, the well-paid chauvinistic elements of the Romanian police state have become so bold that, with the help of their Hungarian colleagues, they dare to openly ridicule Hungarians. Not in Romania, not even in Transylvania, but in the marketplaces of Mateszalka, Vaja, and Tarpa, to the local residents' greatest consternation.

An edifying example is the case of a Transylvanian refugee now hiding in western Hungary. Let us call him X.

In September of last year, X was unable to cross the Romanian-Hungarian border. He was caught, horribly beaten, and sentenced to a long prison term. The revolution freed X on 22 December. In early January, he came before the committee for the rehabilitation of the politically persecuted, to clarify his conviction and prison sentence.

The accuser soon became the defendant once again. After an interrogation in late January, the Securitate did not let him go. They kept beating him for three days, then stuck a passport in his pocket and chased him across the Romanian-Hungarian border.

X found work in Szekszard, but Securitate agents looked him up—perhaps they came in a car bearing a 1 SM (smaller than 1000) license plate—and told him that they knew of his existence, he had to get out of Hungary immediately, because he could easily become the victim of an accident!

All of this happened at the very end of February. No wonder REFORM, the news magazine, was able to ponder the enormous good fortune of those who were accepting work in South Africa. Whereas what is actually happening is that our Hungarian siblings are being sold through this modern version of slave trade. For it is one thing for someone to accept employment abroad who has a permanent residence. But it is a common crime to drive the ethnic Hungarian from Transylvania whom Petre Roman's program, mentioned in the headline, has already driven from his native land.

It is our increasingly urgent national duty to solve the Transylvanian question! Lithuania, Estonia, and even Moldavia are using the small arsenal of rule-of-law statehood in their attempt to gain freedom and independence, which they consider more important than anything else. But we Hungarians are being bidden to remain silent about the tragedy of Transylvania, as if we had nothing in common with Gabor Bethlen's, Balazs Orban's, Aron Gabor's, and Kelemen Mikes's land of birth.

In the elections, not one of the self-professed opposition parties has explored the Transylvanian question in its program, although only the blind and the deaf are ignorant of the fact that behind the scenes of world politics and simultaneously with German reunification the question of an independent Transylvania is clearly beginning to emerge. In Hungary—despite Mitterand's statements during his visit, Laszlo Tokes's reception in America, the Holy Father's gestures, and Margaret Thatcher's thoughts—state power and the new political parties entering Parliament have identical conceptual solutions on how to deal with chauvinistic Romanian power.

Another news item: Cars bearing Hungarian license plates are being attacked in Romania. The windows are smashed, and the car bodies are dented by beating them with iron bars. In most cases this happens while the occupants are inside the cars. Only a few kilometers from the Romanian-Hungarian border, in the land of Endre Ady's and Janos Arany's birth! In Hungary there is complete silence about these atrocities. Why?

It is no accident that the question of an independent Transylvania is being received differently in Budapest and throughout the country. The Hungarian people have not abandoned Transylvania; only official Hungarian quilted-jacket [pro-Soviet] policy and the pack clattering by toward power have done so.

Petre Roman's statement, too, warns us that it will be to the Hungarian nation's eternal shame if it forces its bleeding Transylvanian siblings into a state order where "one people, culture, and language" are the social basis of reconciliation.

State Accounting Office Says MSZP Failed To Account for Property

25000745R Budapest NEPSZABADSAG in Hungarian 19 Jun 90 p 5

[Excerpt from an interview with State Accounting Office officials as published in former samizdat newspaper BESZELO under the rubric "Others Write This: 'Property Is Property'"; place and date not given—first two paragraphs are NEPSZABADSAG introduction]

[Text] The Hungarian Socialist Party's [MSZP] financial statement continues to be a topic of discussion. In this relation the latest issue of BESZELO interviewed Istvan Hagelmayer, chairman of the State Accounting Office,

and Antal Dotterweich, the official assigned to deal with party property. They said that they still do not have a statement suitable for evaluation.

We are quoting from the conversation:

[BESZELO] How do you obtain information about changes in MSZP property?

[Answer] The same way as anyone else: from the newspapers. In addition we received a letter dated 28 March from [former MSZP chairman] Rezso Nyers. In that letter he says: "We indicate that the transfer of property has not been fully completed even as of this date; the related final accounting is in progress at several locations." At that time we responded (9 April) by saying that we understand their difficulties, but we regard the balance sheet they sent (i.e. the year end balance mentioned) as a document reflecting the interim status of property, and that, consistent with the party law, we will examine the legality of the MSZP business management during the second half of the year. On 12 March the National Assembly decided that the MSZP should submit by 31 March a balance sheet suitable for the full verification of inventories and documentation. This did not take place.

[BESZELO] Did Rezso Nyers respond to this?

[Answer] No. Only now have we been notified in a press conference held by Mr. Pozsgay. We wrote a letter to party chairman Gyula Horn making it clear that the State Accounting Office does not regard the MSZP accounting of its property as a closed case.

[BESZELO] Is the meaning of the terms "examining a balance sheet" and "requiring an accounting of property" the same?

[Answer] That is the other problem. The popular referendum obligates us to "require an accounting of property," but the meaning of this term is not clarified. Contrary to Pozsgay's statement, that is why a parliamentary committee should be established: to define from what standpoint the State Accounting Office should examine the operations of the MSZP and its legal predecessor, and how many years we should go back. I believe that a proper examination conducted in the framework of a committee would also be beneficial to the MSZP. But the presentation of a balance sheet is a different matter. By doing so—if indeed such a statement will be submitted—the MSZP complies "only" with the requirements of the party law.

Fraudulent MSZP Vote Cast in Parliament

Initial Discovery, Investigation

250007450 Budapest NEPSZABADSAG in Hungarian
20 Jun 90 p 4

[MTI [Hungarian Telegraph Agency] report]

[Text] The second day of the special session of the National Assembly did not pass without a small scandal: While the National Assembly voted on amending the

Constitution, representative Matyas Eorsi (Alliance of Free Democrats [SZDSZ]) called the president's attention to the fact that a voting machine not attended by a representative had recorded a vote. The president ordered an investigation. It turned out that absent representative Pal Demeny's (Hungarian Socialist Party [MSZP]) machine had recorded a vote. According to what was recorded, the machine registered a yae vote in favor of the Kossuth coat of arms, and a nay vote for the small coat of arms with the crown. The investigation also showed that representative Csaba Hamori [MSZP], seated next to Demeny, had voted the same way.

National Assembly Executive Secretary Istvan Soltesz stated that the case will be debated at Thursday's session of the Committee on the House, and that Parliament will be informed at its next session of the results, according to a late night report by MTI [Hungarian Telegraph Agency]. The executive secretary also stated that representatives must be familiar with the manner in which voting machines function. The condition of using a voting machine is that representatives cast their votes while seated in their respective places. Since votes are recorded by computer memory, the persons who voted may be identified by name. In this case it was clearly proven that someone else voted for Pal Demeny.

Comments of Constitutional Court

250007450 Budapest NEPSZABADSAG in Hungarian
21 Jun 90 p 1

[Interview with Dr. Andras Hollo, constitutional court executive secretary, by Gy. M. on 20 June; place not given: "The House Rules Do Not Deal With This Matter; Another Vote on the Coat of Arms?"]

[Excerpts] Parliament's Committee on the House is expected to examine and debate the scandal that burst out in the open on Tuesday of the special session in the course of voting for constitutional amendments. [passage omitted]

"What decision could the Committee on the House reach?" we asked constitutional lawyer Dr. Andras Hollo, executive secretary of the Constitutional Court.

[Hollo] Several issues of principle arise in the present situation, because parliamentary rules do not provide any answers regarding cases involving the abuse of voting privileges. One of the issues of principle is this: Could a vote in which one or more representatives voted for others be regarded as invalid? If the National Assembly responds to this question in the affirmative, the vote regarding the given issue must be repeated. The other question: Since the House Rules do not provide for such situations either, how will they judge the abuse of voting privileges, how will they qualify the conduct of the representative involved, and what kinds of legal consequences does such a qualification draw? The National Assembly must provide a response to this.

[Gy. M.] Accordingly, is it true that in the absence of legal answers, the Committee on the House may express its own view of principle, and that it may present these views to the next session of the National Assembly for a decision?

[Hollo] Indeed. And it is very likely that this decision will change the House Rules. The present House Rules have many gaps, and it is no coincidence that Parliament is continuously repairing the Rules and adding to them. It is obvious that these changes cannot replace the development and earliest possible adoption of new House Rules which ensure the functioning of the parliamentary system. The present scandal will accelerate this process.

Agricultural Organization Protests Land Law Amendments

25000746E Budapest NEPSZABADSAG in Hungarian 15 Jun 90 p 1

[Unattributed report: "Concern and Protest: MOSZK [National Center of Hungarian Cooperatives] Turns to the Constitutional Court"]

[Text] Chaired by Tamas Nagy, the Council of the National Association of Agricultural Cooperators [as published] and Producers held a meeting in Budapest Thursday. Decisions were reached with regard to several important issues after passionate debate. Meeting participants unanimously agreed to petition the Constitutional Court relative to the most recent unconstitutional amendments to the Land Law and the Cooperative Law. In their view the amendments objected to restrict cooperative members in disposing over arable land which constitutes common property, and over other property accumulated by them. This is contrary to provisions dealing with the basic rights of citizens.

The national council also adopted a separate position paper regarding changing cooperative ownership conditions. They expressed their concern over and objections to recent legislative action. The coarse intervention of the power in the affairs of the autonomous governance of cooperatives is unprecedented even in comparison with the past system, and threatens to halt the healthy processes that have begun already, in which the cooperative of the cooperative membership [as published] may become real owners and real cooperatives may come into being.

The statement continues: Facts and actions taken thus far contradict statements that are designed to reassure the cooperative membership, and so is the fact that the government adopted the professionally and legally unfounded, and morally unacceptable, election slogan that ownership conditions that prevailed in 1947 would be restored. Using this slogan the Independent Small-holders, Agricultural Workers, and Citizens Party [FKgP] acquired barely more than 10 percent of the vote. The agricultural programs of all the rest of the parties

differed from this concept. We must remind the government of the responsibility it holds for the future of the agricultural branch and for agricultural workers, as well as for the country's food supply.

In changing its bylaws the national council established the post of a cochairman. The five-member managing presidium will consist of the chairman, the three vice chairman, and the executive secretary, all of whom have served thus far.

Budapest City Council Removes Communist Street Names

25000745C Budapest MAGYAR NEMZET in Hungarian 20 Jun 90 p 4

[MTI [Hungarian Telegraph Agency] report on Budapest City Council action]

[Excerpt] [passage omitted] [The City Council] also decided to restore the names of historical city districts in additional areas of Budapest effective 20 June. The determination designates the borderlines of both old and new parts of the city like Kispest, Soroksar, Erzsebetvaros, etc. At the same time, a determination was issued to change and to restore the names of several streets and public areas in the 5th and 6th districts: Engels Square to Erzsebet Square, Lenin Boulevard to Terez Boulevard, Tolbuhin Boulevard to Vamhaz Boulevard. The Council did not agree to change Gorkii Allee to Queen Vilma Road, and did not decide whether the name of Liberation Square should be changed to Apponyi Square or to Kigyo Square. [passage omitted]

POLAND

FRG Aid for Seminar on Integration of Political Scientists

90EP0671B West Berlin DER TAGESSPIEGEL in German 27 May 90 p 6

[Article by Amory Burchard: "How Polish Political Scientists Survive—First German-Polish Symposium at the Otto-Suhr-Institute"]

[Text] Polish political science appears to be an iridescent phenomenon. Its most remarkable feature, compared to other East European countries, is the fact that it has existed at all, that following its renewed founding after World War II it was able to survive the Stalinist era, and that today it can hold its own against an international comparison. This, at least, is the impression gained from observing the first German-Polish political science symposium of the Otto-Suhr-Institute with the institutes of political science at the University of Warsaw and the Polish Academy of Sciences.

Attempts by the Polish Workers Party to wield political influence on the science of politics had been "moderate" already long before the beginning of the 1980's, said Professor Franciszek Ryszka (University of Warsaw). In

the four political science institutes of the university, only 12 percent of the lecturers had been party members. Besides, a "scientific communism" in the Marxism-Leninism sense had in any case only been practiced by the military academy anyway. As part of the restructuring of the academy into a humanistic educational institution, the political science faculty there is to be closed.

The unemployment of political scientists was described by Maria Andrzej Falinski as one of the great social problems that are typical for Poland today. Being closed, for example, are the two political science institutes of the Academy of Sciences. A new institute still in the formation stage, the since deceased initiator of which had proposed the joint symposium with the Otto-Suhr-Institute, would naturally be able to absorb only a part of the released persons.

An alternative to the institutionally buttressed political science facilities could be provided by the independent institutes that have sprung up on the periphery of the Solidarity labor union. According to Falinski, although these are financially supported by the state, it was the intent that they were to work commercially, however, and that they "sell" their research activity to those interested. This is a completely new phenomenon in political science, one that stemmed from the need "to find a way to survive in Poland." In the past, according to Ryszka, commercial institutes have concerned themselves with public opinion polls and the publication of Western scientific literature. According to Falinski, the question of the European integration of Poland and that of the national identity of the Polish people are the new subjects of political science.

In Berlin, Karol B. Jankowski spoke about the political culture of present-day Poland. The "power syndrome" was labeled by him as an obstacle to the reorganization of the social system. Persons involved in the former power apparatus share a feeling of solidarity and have thus far been untouched by the democratic changes, he said. The "middle-class society" is not yet tangible in Poland. It is in this society that a "new civic spirit" must develop.

Waiting for the European Market

Poland will find the road to Europe only with Germany and through Germany, said Professor Janusz Stefanowicz, Poland's ambassador to France until a year ago and currently a leading member of the political science faculty of the Polish Academy of Sciences. The extent of integration desired by Poland must be viewed against the background of Polish history, however. Today, when Poland is a sovereign nation again after 45 years of extremely curtailed independence, it will not "dive headlong into the pool of a Europe without nations and without borders." However, with respect to complete freedom to travel, a free exchange of goods, and the free exchange of ideas, Poland is thinking very much in European dimensions.

Stefanowicz sees his land still a long way from entering the European market. Behind the states having full membership and the associated states, Poland is in third place, he said, along with many other countries waiting in line. The partition of Europe is still a long way from being terminated as a result of the conquest of communism in East Europe.

In the question of the relationship of Poland to Germany, Stefanowicz called the state visit of the German chancellor a "missed historical moment." The "pro-German lobby" in Poland, with chief of state Mazowiecki at its helm, had expected the visit to end with the signing of a friendship treaty which would also include the irrevocable guarantee of the Oder-Neisse line as Poland's western border. This fundamental basis for relations between Poland and Germany will have to be created soonest. Stefanowicz denied that there is a broad-based hostility to German unity among the Polish populace. The majority of Poles are interested above all in freedom to travel and freedom of trade.

Also dependent on Germany's guarantee of the border is the stationing of Soviet troops in Poland. As soon as the guarantee exists and additional Polish security interests have been resolved in the "four-plus-two" talks, the way will be clear for the withdrawal of these troops and for Poland's contribution to a new "collective security" in Europe. In its relations with the Soviet Union, as its other powerful neighbor, Poland must preserve the balance between Polish sympathies for the sovereignty movements in the Baltic states and the need for good relations with Moscow.

Opole Reconciliation Forum Probes Ethnic Roots

90EP0671A Hamburg DEUTSCHES ALLGEMEINES SONNTAGSBLATT in German 25 May 90 p 6

[Article by Wolfgang Frank: "The Search for Truth—Upper Silesia as a Bridge Between Germans and Poles—Results of a Symposium in Opole"]

[Text] Movement is becoming evident in the political life of Silesia. Rather hurriedly, the Poles in Opole are setting about putting the finishing touches on the postwar history of this region. In the process, as a study group of the Evangelical Academy in Muelheim/Ruhr was able to determine in May, they are also discovering the values of the old German culture in this district and coming to terms with the crimes committed by Poles against German refugees at the Silesian camp in Lamsdorf. The search for the truth, which the Catholic bishop of Opole, Alfons Nossol, has been demanding since 1977, is finding ever more proponents. Only two groups still distrust this process, for different reasons: the orthodox communists and most of the ethnic Germans.

At their fifth joint symposium, titled "Upper Silesia as a Bridge Between Poles and Germans," the academy in Muelheim and the Silesian Institute in Opole, which have been linked by a harmonious relationship for the last five years, took on a difficult and explosive topic.

Discussed there, for example, were the Polish Communists who were trying to "surmount" their own difficulties via "the German question," as phrased by historian Georg W. Stobel from Darmstadt. Sociologist Danuta Berlinska of Opole spoke of the Silesians who were being driven ever more deeply into isolation by the "alien communist system being forced upon them." And Janusz Kroszel, the director of the Silesian Institute, called on the Poles to accept the cultural characteristics peculiar to the Silesians, "including the proclivities toward German culture and tradition and the cultivation of family contacts" in Germany.

As recently as two years ago, it would not have been possible to discuss these topics openly in Opole. And now sociologist Berlinska was able to show, by means of a study, the extent to which the central government in Warsaw has discriminated against, indeed suppressed, all Silesians (both ethnic Poles and ethnic Germans). And a Polish participant demanded that a German-Polish historian commission be convened that is jointly to prepare a history of the two countries, so as to put a stop once and for all to the circulation of false ideas on both sides of the border.

And, finally, an additional door was opened. At the conclusion of the symposium, the Silesian Institute invited above all ethnic German Silesians to a "forum" which was to serve the purpose of overcoming the fear of contacts. But at that forum, it became evident where the sensitivities of the Germans and the Poles lie: in the assessment of the past; in dealing with the question of who is a German, who is a Pole, who is a Silesian; in answering the question whether the Oder-Neisse line divides or reconciles; whether or not the ethnic Germans can retain German citizenship in accordance with article 116 of the Basic Law.

There were attempts to approach each other, to be sure, but as yet there was no agreement. The position taken by many ethnic Germans toward the Poles—and vice versa—remains ambivalent. If, together, Poles and Germans had been able to cry out loudly: "Down with communism!" they would probably have felt better about things. But this remark was only to be heard coming from hand-covered mouths.

It was not possible to discern what it was that moved the ethnic Germans more who adopted Polish citizenship in 1945 out of love for their Silesian homeland: Their strong rejection of the Polish state, which until recently placed no trust of any kind in them, or the desire to live in Silesia in peace and quiet. Henryk Krol, chairman of the Social-Cultural Society of the German Minority in Upper Silesia, stated flatly: "If we are threatened here, we will all go to the FRG." Does this mean that he does not perceive the signs of reconciliation which have recently been evidenced by Poland?

The approximately 250,000 ethnic Germans in 220 communities whom Krol represents will not always agree with him when he denounces the mistakes made by the

Poles in decades past. That was evident, at least, at a meeting with members of the "minorities society" in the village of Gogolin. The older people feel deeply hurt or are resigned to their fate, the younger ones are cautiously warming up to the idea of a unified Europe, in which national borders will become secondary. There are complaints about cuts in pension rights, about discrimination at the workplace, about the lack of German-language books, and about the minimal offering of German language instruction in the public schools.

Has Poland already lost these people, who only since the introduction of democracy have been able to express their dissatisfaction publicly? In Opole, director Kroszel of the Silesian Institute gives his view as follows: "If there is a turning away from Polish roots, a detachment from the Polish people, then all we can do is face up to this fact. Poland will then have suffered yet another loss, and for us that will be just one more painful lesson."

But this is a loss that Poland would not like to suffer. Silesia is soon to receive more independence within the Polish state. Also being worked on is a minorities law, which among other things is to protect the ethnic Germans. Only one thing gives cause for reflection: The "minorities society" in Gogolin plays down the significance of this law, just as does the Silesian Institute.

ROMANIA

Complaints on Swedish Laxity in Granting Asylum to Romanians

90BA0154A Budapest MAGYAR HIRLAP
in Hungarian 19 Apr 90 p 2

[Report by Sara Pogany: "The Swedes Give Refuge to Securitate Agents? A New Odessa Maneuver"]

[Text] According to information from the AFP news service, at least 20 Romanian citizens who, by their own admission, had been members of the infamous Securitate, the Romanian secret police, have requested asylum in Sweden in the past two weeks. Swedish authorities have not yet made a decision regarding their petitions...while the petitions of ten applicants, mostly members of the Hungarian minority, have been rejected. After the Christmas revolution, the fact that Sweden gave refuge to Securitate agents caused consternation throughout the world. I really wanted to find out only one thing from Erno Jakabffy, who has been living in Sweden since 1956 and is president of the Hungarians in Sweden National Association (Ungerska Riksförbundet): how this is possible.

Regardless of their nationality, a great number of refugees arriving on the shores of Sweden have a predilection for "losing" their documents, and Swedish authorities are so liberal that they write whatever the applicant says into new documents. With regard to the Securitate agents, among whom it is impossible to know how many mass murderers exist, they are granted asylum by the Swedish authorities

for humanitarian reasons. According to Swedish mentality, humanitarian considerations mean that asylum is granted to anyone who is in danger of the death penalty without legal process or is considered guilty based on lynch law. The Swedes say that they, too, may be granted asylum as long as the institutions with authority to pass legal judgments—made possible by a democratic constitutional state—have not been reinstated in their country, in this case, in Romania. At that time, if the authorities of their country request their extradition, then Sweden will comply with that request.

The death penalty was abolished in Romania after the December revolution, but that decision does not reassure the Securitate agents. After all, who wants to spend his life behind bars? Consequently, the first concern of a Securitate agent arriving in Sweden is to organize his disappearance. Even if—God forbid—he ends up in prison, according to Erno Jakabffy's description of the conditions in Swedish prisons, he would live in the comparable luxury of an apprehended drug smuggler. The cells are equipped with color TV sets and telephones and, unbelievably, it is illegal to tap the latter! Thus, Securitate agents who "stray" into prison can organize their new lives from comfortably equipped cells. Their capabilities should not be underestimated: Considering the efficiency of its activities, the Securitate matches the world's best intelligence and internal security troops, e.g., Israel's MOSAD, America's CIA, or the Soviet KGB.

There has already been an example in European history of this type of precise organization for survival. It was called Odessa. The name does not refer to the large Soviet city nor to the small settlement in the state of Texas but rather to the one-time organization of SS [elite guard in Nazi Germany] members which still exists today!—For whom there were no doubts after a while about having lost the battle and to whom it was clear how their actions would be judged. Through the well-organized channels of escape and with the help of fake papers, most of those mass-murderers disappeared without a trace. It is unlikely that the Securitate did not learn from this historical example. The small fish are left as quarry, and the big fish can begin a peaceful new life anywhere in this wide world.

YUGOSLAVIA

Radical Party Leader Proposes Segregation in Kosovo

90BA0149A Belgrade BORBA in Serbo-Croatian
1 Jun 90 p 5

[Article by Ivan Radovanovic: "The Party of the Native Soil"—first paragraph is BORBA introduction. Mr. Radovanovic also interviews Professor Dr. Slobodan Turlakov, one of the leaders of the Old Radical Party; place and date not given.]

[Text] The radicals have divided because Guberina has a sick ambition to be leader. The ruling party in Serbia is even less tolerant than the infamous King Milan. Mr.

Milosevic, as the leader of Serbian Communists, is our political adversary. We will bring Serbs from Romania to Kosovo. We already have Croats in the party, but we will also get Albanians. By the time of the Congress on St. Vitus's Day we will be the strongest party in Serbia, not in numbers but in quality.

In a discussion about the parties in Serbia, several things should certainly not be overlooked. The first is what Professor Ivan Djuric recently said in BORBA: that "democracy" arrived in these parts long before tractors; that when it arrived, it was thought of in many minds in a specific "Shumadian" way, according to which democracy is when you tell someone to go to hell, but he goes where he wants; and finally, that all this about the parties in Serbia is exactly the same as with houses—everyone wants to have his own, but perhaps more too (because of the neighbors).

When all that is known (naturally, one should also not forget that probably decisive factor of "awakening" from a totalitarian dream of many years), it is clear why, according to some figures, at present there are more than 50 parties in Serbia.

In addition, it is also clear why there are, among these 50, some democratic, some radical, some ecological, and some "reconstructive," and why "interparty" relations among them are pretty bad.

One of the first party clashes (we mention that most of them have been "personal" up to now, and not "ideological") was the one in the National Radical Party (NRS). Immediately after beginning its activities it divided into two well entrenched and fairly intolerant camps. The lawyer Veljko Guberina "rules" one nowadays, and a "collective leadership" the other, in which the lawyer Milorad Stevanovic, Professor Dr. Slobodan Turlakov, and "Businessman" Miroslav Solevic are certainly the most influential.

Since Veljko Guberina has already had a chance to say "his piece" in BORBA, the other wing of the NRS, which is now already called the Old Radical Party, is in line to be heard. Professor Slobodan Turlakov has the floor. The first question is: Why did the NRS divide itself at one time?

Purely Personal Division

[Turlakov] Because of Guberina's sick ambition to be the leader. It's a purely personal division. We tried to "make peace" and before their congress we sent them a letter. We proposed that the number of members of both "wings" be equal in the Main Council of the party and that Guberina, Stevanovic, and I not even be candidates for president of the party. Since they didn't even let us enter the congress and read this proposal of ours, we raised our fists against one another. And since the Radical Party was already divided in its history, in 1903, into an "independent" party and an "old" party, into

which Pasic, Tausanovic, and Pera Todorovic went, we decided to proceed in the same manner. Now we are the Old Radical Party.

[Radovanovic] And, what will you do?

[Turlakov] We want the party in power to conceive of us as extraparlamentarian opposition. This means that all essential questions related to governing the state will be coordinated with our opinion. All the more so since this single party in power has excluded us (all parties) from the election campaign and made it impossible for us to enter parliament.

One of the first matters in which we must be included is certainly the new constitution. However, even here the ruling party is extremely intolerant. Even less tolerant than the infamous King Milan. In 1883, when he wanted a Constitution, he invited all parties and all prominent people to participate in its ratification. He considered that the Constitution was the law of all Serbia and for all Serbs. And, moreover, that such an act cannot be performed through pronouncement but through compromise. We think it should be the same way today too. That all be represented in equal number and then—compromise.

[Radovanovic] You are one of the first party leaders to criticize Slobodan Milosevic. Because of that you were hissed at in Montenegro. What is the relationship of your party with him?

[Turlakov] Mr. Milosevic, with his speech in Pancevo...

[Radovanovic] Isn't he "Comrade"?

[Turlakov] No, not at all. Mister. As I was saying, he described himself in Pancevo clearly and loudly. In other words, he is not leaving the framework of the party in power in any way. What's more, he is its leader, in essence, but not formally. He showed this with his "other" final word at the congress of the League of Communists of Serbia, as well as with his leadership activity at the unsuccessful congress of the League of Communists of Yugoslavia.

Therefore, Mr. Milosevic is for us the leader of the League of Communists and our political adversary, since the program theses of our parties differ in essence. Otherwise, we regard very highly the role of Mr. Milosevic in uniting Serbia, but both he and the whole world know that the decisive role in this was played by the legendary "Kosovo group," which later joined our party practically in its entirety, something that we point to with pride. And we say further, regarding Mr. Milosevic, that democracy certainly cannot be imported, but it also cannot be measured or approved by just anyone's standards.

We Will Be the Strongest in Serbia

[Radovanovic] Since you mention the "Kosovo group," does this mean that its "leader," Miroslav Solevic, will be one of your special trumpcards in the preelection campaign?

[Turlakov] We consider that Miroslav Solevic is a media popularity, that his outstanding political talent is for the well-being of the party, and that without it we wouldn't even be able to enter the election campaign with the other parties.

[Radovanovic] Are you a Serbian or Yugoslav party?

[Turlakov] We are a party of the "native soil." We don't exclude anyone for whom Yugoslavia is the "native soil," or anyone for whom Serbia is. Or even Europe. We already have Croats in the party, and we'll get Albanians. Nevertheless, at the moment we're working mainly toward Serbia. However, we are not in any way nationally exclusive. Among other reasons, because Yugoslavia is the only country in the world in which all Serbs live.

[Radovanovic] They live elsewhere too. For example, in Romania.

[Turlakov] Now they'll come too and we'll send all of them to Kosovo.

[Radovanovic] What's that?

[Turlakov] We're negotiating. I can't tell you anything more, but we already have some contacts and we're negotiating. We figure that those who have succeeded in coping with the torture of Ceausescu will also succeed in coping in Serbian Kosovo.

[Radovanovic] Does that mean that you will summon all other Serbs to Kosovo? For example, those from Croatia?

[Turlakov] I can't say that if they want to they can come. If only the citizens in our country would come first. Only if all men are free are all nations free. I believe that Mr. Tudjman will also soon comprehend that.

[Radovanovic] In describing your party, Miroslav Solevic also mentioned the possibility of talks with Albanians?

[Turlakov] Yes, we think that we will establish an ethnic balance there, but also that we will talk with the Albanians.

[Radovanovic] How possible is that?

[Turlakov] It's possible. We will carry out talks purely through political means.

[Radovanovic] And, finally, how many members do you have?

[Turlakov] Five thousand to six thousand. Many from the NRS will come to us, and we are counting on those who are closely tied to the radicals. By the time of the Congress on St. Vitus's Day, we will be the strongest party in Serbia, not in numbers, but in quality.

[Box, p. 5]

There Will Be a Total Division

Kosovo is our territory and we have not "given it away" to anyone. Therefore, we will organize public works there and erect three purely Serbian towns. How? From zero, through public works. Where? One will be between Prizren and Djakovica, as a "buffer zone," and I don't know yet about the others.

The people are so alienated there that there's no more trust at all. Therefore, we will divide everything at the beginning. There will be national factories, national hospitals, enterprises... We will return the Serbs and force the Albanians to realize that they (the Serbs) are not going to go away from there. There will be a total division. The Slavic population on one side, the Albanian on the other. And only in this way will people have to begin to get used to one another, to realize that they have to agree with each other. When they are totally separated they will begin to build bridges. In a word, we will create a clean slate there. We will force the Albanians to become citizens. With all rights, but also with obligations.

Role of Party Resulting From Serbian LC-SAWP Merger

90BA0185A Belgrade NIN in Serbo-Croatian 17 Jun 90
pp 10-11

[Article by Milorad Vucelic: "Renewal of the Left"]

[Text] The initiative to unite the Serbian LC [League of Communists] and the Serbian Socialist Alliance into a new political party, the Socialist Party, leads us to recall NIN's question a half year ago. At that time there were not as yet any other new political parties.

We emphasized then that the Serbian LC was already to a considerable extent an organization with a comprehensive program of economic and political reform, with a "socialist program." In addition to this, not one old-line communist and Bolshevik principle is present in the program of the maligned "Bolsheviks." It should also be stressed that even that break does not date from 1948 or 1950, as is usually and erroneously claimed, or even from 1966 or 1968, but rather can be linked precisely to the political processes and events of the last two years.

For example, the party program of this organization—the Serbian LC—no longer talks about social property as the exclusive economic basis for building a socialist society, and it no longer has the social exclusivism of the working class, or insistence upon the most restrictive concept of that class. There has also been an affirmation of pluralism and the assembly system; it talks about a division of authority instead of the unity of authority; it eliminates political domination of the economy; it breaks away from the delegate system, and emphasizes support for secret, indirect elections or party elections; it abandons political monism and one's party's monopoly

of power; it clearly expresses support for a rule-of-law state and an independent judicial system; there are no longer the incidents of continuation of the civil war and the separation of political and public life...

That kind of program emerged as a response to the demands of the times and the epoch, and perhaps it has not yet been completely and clearly formulated and accepted with full awareness by the membership at large, but that will have to happen during the phase of preparations for the elections.

In criticizing some of the aspirations present in the communists' organization, we—and naturally others as well—pointed out that the solution was not some new kind of Bolshevization, but rather even firmer reliance upon the long and fruitful democratic and socialist tradition in Serbia, which was forcibly and definitively interrupted by the liquidation of Sima Markovic and the acceptance of the Comintern's 21 conditions in 1921.

In recent months, there has also been discussion of the need to rename the Serbian LC and of the demand for conducting a serious critical review of the past, a critical retouching with particular reference to one's own responsibility and guilt.

Such reform initiatives have encountered very strong resistance from some communists and officials within the party itself. Aggressive and hard-core communist positions, and conceptions according to which the communist party is the sole form of political life in Yugoslavia, were more than obvious. That resistance to democratization contributed to a certain delay in this present initiative for the unification of leftist and democratic forces.

In spite of the comments about the delay, the fact remains that the communist party has been abolished in Serbia, as the first republic in Yugoslavia, and this was therefore not a mere attempt to rename an essentially unchanged organization, as in Slovenia and Croatia. The creation of the new Socialist Party should be the logical consequence of the program reformulation already conducted, and the reorientation in all of the essential programmatic and organizational postulates and elements. The immediate future will show how consistently this change and the attempt to bring together and unite the democratic forces will be carried out.

Naturally, it is not in the interest of the forces in the anti-Serbian coalition to acknowledge the possible far-reaching significance of this fact of the formation of a new Socialist Party. Even when they correctly note (as was done by Nijaz Durakovic, the president of the Bosnian Communists) that Serbia has gone further with these changes than Slovenia and Croatia, a negative critical judgment follows. The opposition parties in Serbia will not acknowledge in any way whatsoever even the good intention behind this initiative, which is logical, because anticommunism is their main and leading trump card for the elections, and so they cannot admit by

any means that they are losing the necessary subject of their attacks and the object of their unconcealed hatred.

The possible opponents of the new Socialist Party will undoubtedly be from the ranks of the "right wing" or "authentic" Communists, who are necessarily also opposed "in principle" to the creation of a new party with a socialist orientation. Some of the groups of dissatisfied Communists will probably soon form some new communist organization, and the registration of the Communist Party of Yugoslavia, formed in 1974 at the so-called Bar Congress, has already been announced.

Many people are warning that the creation of the new Socialist Party was another manipulation by the communists. Judging from all the changes that have been made in the last three years, we believe that there is no justification for saying that this is just a mere adaptation by the Communists in order to stay in power, and even less for saying that it is a mere criminal deception and "putsch"; instead, it is a continuation of the reformist and democratic processes that began in the LC and Socialist Alliance organizations. After all, it would be difficult to believe that the millions of members of these organizations and the possible adherents of the new Socialist Party were a common criminal gang of thieves. The picture of a people with so many thieves and robbers would not exactly be particularly encouraging. The fact that this case of the initiation of a new party involves adjustment to reality does not have to indicate the weakness of this initiative, but rather the vitality and potential of the new organization.

The new socialist party will also be a new party within the Serbian pluralist constellation, and it will probably also be more willing to initiate all sorts of things, and also to answer attacks and counter political blows. That promises an interesting multiparty struggle in which this organization and party, obviously, will not be just a punching bag, and a mute object of political attacks and scorn.

The new Socialist Party will undoubtedly have an asset and an advantage in its clear attitude toward the Kosovo and Serbian question, and in its possession of a well-developed program for resolving the Kosovo crisis. That program has also been accepted by the Serbian state, and in some respects it is already being rapidly implemented, while the draft of the new Serbian Constitution also precisely regulates the status of the province, which is losing all attributes of statehood. The accusations by some opposition parties and their leaders that it is precisely the Communists who are responsible for the situation in Kosovo and Metohija are an extremely sophisticated conclusion.

During the past three years, thanks to Slobodan Milosevic, above all, there has been a radical turnabout in the attitude toward the Kosovo crisis and the position of Serbs and Montenegrins in Kosovo and Metohija. That is undoubtedly to his credit, and that credit cannot be shared with any other political group besides the one

that he leads. It can only be shared with the self-organized resistance movement of the Kosovo Serbs and Montenegrins, with a small number of critical intellectuals, journalists, and publicists, and by no means with any existing political party. By the way, many of the new parties in Serbia still have an extremely undefined and confused position on the Kosovo question, and in some cases, a completely erroneous one. Finally, the difference over Kosovo and Metohija, in addition to the other differences, is reflected through the attitude toward the sequence—the constitution, and then multiparty elections, or multiparty elections, and then the constitution.

Many people are saying today that the new policy of the Serbian state has demonstrated its impotence and failure in solving the Kosovo problems, because the crisis there is even more aggravated than before. This type of criticism and critics assume that the aggravation of the Kosovo crisis occurred precisely because the Serbian state is a true factor in Kosovo and Metohija, and furthermore a very active one, so that the forces of Greater-Albanian separatism were forced to stop working in a "peaceful" and "quiet" way, and to act more and more aggressively. Finally, the confrontation with the Kosovo problems has also been a sort of initial event in the formulation of the new Serbian policy and the reforms which have led to the initiative for the creation of the new Socialist Party.

The formation of the new Socialist Party will undoubtedly contribute to the elimination of various prejudices and assumptions about a some sort of Bolshevik Serbia that remains the last bastion of communism. That assessment has been more than unjustified, even in the past, and so it will certainly be put forward in the future, but surely with less and less justification and cause. Opportunities are also being created for broader international ties between the socialist movement in Serbia and similar movements and organizations in Europe and in the world. This is not just a question of mere participation in that linkage, but also of the fact that it will also probably contribute to new reformist initiatives by the Serbian Socialist Party itself.

On our seething pluralist scene, it seems that all the parties, including the Communist Party, have forgotten about workers and the working class. It seems that more attention is being devoted to all the others, even to bureaucrats and semi-intellectuals, than to one of the most numerous social figures and factors. It is accordingly expected that the Socialist Party will also seek support among the workers, on the basis of a renewed and developed social program.

If the Serbian Socialist Party really wants to unite leftist and communist forces, then it will probably answer the question of a possible coalition with some other political parties and political groups, not only after the multiparty elections, but also considerably before that. This sort of formation of a coalition should, it seems to us, be based on similarities among the programs of the political groups forming the coalition, and such a coalition would

be fundamentally different from the present anticommunist coalitions, in which programmatic differences are ignored, and they insist only on an anticommunist platform.

Such coalition groupings, which would insist and be based primarily on similar programs, would be, not only in the case of the Socialist Party, but also in all other cases, a valuable contribution to the real democratization of political life in Serbia, which is threatened at this time by the danger of being reduced to the relationship of Partisans and Cetniks, communists, and militant, totalitarian nationalists. There really is not much room left for democracy in that case. Because of that, it is essential to support any democratic and political initiative that contributes to surmounting such undemocratic confrontations.

In forming the Socialist Party, one can by no means overlook the role of Slobodan Milosevic, who is being proposed as its leader. In fact, it is obvious that Milosevic does not want to win the elections just as a personality, like Kucan in Slovenia, but is instead insisting on entering the electoral struggle with a comprehensive social program and political organization, and that he is thus radically putting to the test his undoubted services and values and his enormous influence and support among the Serbian people.

In conclusion, it should be stated that the validity of this initiative for the creation of a Socialist Party will depend in many respects on the following: the ability and willingness of this party to get rid, at least as far as the leadership is concerned, of all those political functionaries who acted like rigid dogmatists up until yesterday and blocked the processes of reform and democratization. The process of the programmatic and organizational formation of the Socialist Party is inseparably linked to the union of those people who possess a great reputation, moral qualities, an ability to work, and an unshakable and proven democratic orientation. That is the only way in which this worthwhile initiative will not be jeopardized and condemned to failure in advance. There will not be too much time to respond to this initiative, because it is expected that the founding congress of the Socialist Party will take place as early as mid-July.

Boycott of Croatian Elections by Zagreb Students Alleged

90BA0188B Belgrade POLITIKA in Serbo-Croatian
19 Jun 90 p 8

[Article by Radoje Arsenic: "Hitherto Unknown Information About Multiparty Elections at University: Students Boycotted Elections: Of the 41,151 Registered Voters in the Second Round, Less Than 10 Percent of Students Turned Out, and Their Representative Seat in the Chamber of Associated Labor of the Assembly Remains Empty for the Time Being; What Did Students Who Shunned the Elections Say?"]

[Text] Zagreb, 18 Jun—The results of the multiparty elections in Croatia have been known for nearly a

month, and on the basis of them the victorious party, the HDZ [Croatian Democratic Community] is in the process of forming a new government. Up to now, however, the public has remained completely unaware of how the elections at Zagreb University turned out, where students elected a representative to the Chamber of Associated Labor of the Assembly of the SR [Socialist Republic of] Croatia. Those elections were in fact a total failure.

In the 83rd electoral district (Zagreb, 1, students), there are 41,151 voters, and the electoral seat was supposed to be organized at all the schools and colleges that comprise Zagreb University.

Troubles With the Election Commission

However, while the elections were poorly organized at some schools, during the first round of elections (23 April) they were not even organized at some schools (School of Political Science, School of Economics, and School of Trade Studies). At the School of Political Science, for example, elections could not be held on four different dates: 23 April, 7 May, 16 May, and 22 May, because no one could ensure the presence of the entire election commission. According to the official report at that school, the first round of elections was not held until 25 May, only after the municipal electoral commission of Medvescak appointed a new election commission from the regular workers of the municipality of Medvescak, and not from the school in question.

The results of the first round of elections at Zagreb University are more than stunning: Of the 41,151 registered voters, a total of 5,609 voted, of which 98 ballots were declared invalid. Among the five student candidates for one seat in the Chamber of Associated Labor of the Assembly of the SR Croatia, three were independents and there was one each from the Croatian Democratic Community and the Croatian Democratic Party, but none from the LCC-PDC [League of Communists of Croatia-Party of Democratic Changes] nor any other party with a leftist orientation.

Although such an unusually small number of voters turned out, the election commission decided in the second round of elections (scheduled for 7 June) to allow four candidates, because they amassed more than seven percent of the votes cast. The greatest amount received then was the candidate of the HDZ, Andro Krstulovic, with a total of 2,537 votes. According to this logic, it appears that elections are considered viable even if only a few voters come out to vote.

The second round of elections at Zagreb University, held on 7 June, was a complete failure. Although it is emphasized in the records of the election commission that that body in charge of carrying out elections in the 83rd electoral district (students) undertook all organizational preparations and in conjunction with this made contact with all schools, the elections were not held at all (the polling places were not even opened) at 10 schools: at the Schools of Stomatology, Mining-Geology-Petroleum,

Economics, Forestry, Technology (Institute for Textiles and Clothing), Natural Science and Mathematics, Special Education, Organization and Computer Science (Varazdin), and at the Academies of Music and of Visual Art.

Only Three Voters at School of Medicine

The course of the elections at the schools where they were "held" is indicated by these few examples: Of 2,298 registered voters at the School of Law, 107 voted in the second round of elections; of 698 registered at the School of Architecture, seven of them voted; of the 780 registered voters at the School of Political Science, 33 showed up; and of the 2,611 registered voters at the School of Medicine, only three of them voted. The situation was similar at all the other schools, while the largest voter turnout was at the School of Mechanical Engineering and Shipbuilding, where 218 out of 3,460 registered voters came out.

Since the school year is over and there are no longer any classes, the election commission rightly concluded that one cannot expect new elections to be more successful and that they will be held at the schools where they have failed thus far, so that no new date has been scheduled.

One representative seat in the Chamber of Associated Labor of the Assembly thus remains unfilled for the time being, and we are left to contemplate the unpleasant fact that the students of Zagreb University were utterly uninterested in the first postwar multiparty elections. There is still no answer to why this is so (nor have these data yet been disclosed here), but if anything can be concluded with certainty from this unusual occurrence, it is that the students of Zagreb are not impressed by the political events in this republic. But we can only guess at what they were trying to say through this boycott of the elections.

GERMAN DEMOCRATIC REPUBLIC

Details of Security Service Mail Intercepts Revealed

90GE0170A Bonn DIE WELT in German 13 Jun 90 p 8

[Last installment of DIE WELT series of interviews with unnamed former MfS [Ministry for State Security] officer by Manfred Schnell and Werner Kalinka; place and date not given: "The Truth About the Stasi—Mielke's Goal of Placing Population Under Total Surveillance Overtaxed the Stasi's Power"—first paragraph is DIE WELT introduction]

[Text] Over the years, the Stasi used just about any means to obtain information. More and more moral restraints fell by the wayside. As time went on, hardly any of the MfS [Ministry for State Security] agents raised critical questions. In this last installment of DIE WELT's 10-part series, the former high-ranking MfS officer recounts to Manfred Schnell and Werner Kalinka how the attempt to set up the perfect spy state became the undoing of the SED [Socialist Unity Party of Germany] (the present PDS [Party of Democratic Socialism]).

[DIE WELT] What were the contents of the MfS safes?

[MfS Officer] As Schwanitz quite openly told the People's Chamber: a wrongheaded security doctrine was followed in the sense of believing that [the MfS] had to know everything. Mielke actually believed in this insane doctrine. I can remember festivities where we sang the song "We Are Everywhere on Earth" over and over again. Time and again, Mielke would also start singing that song in the wee hours of the morning at award presentations on State Security Day or during the festivities marking the 40th anniversary of the GDR. He would never fail to mention how important it was for the MfS to be present everywhere and to know everything. It was a regular mania which he pursued with disastrous consequences. Mielke robbed the MfS of its striking power. A person who gets involved in everything ultimately no longer gets involved in the things that really count. Mielke's demand that the internal enemy must be combatted played a decisive role in this development.

[DIE WELT] In the end, Mielke focused the MfS activities exclusively against the population?

[MfS Officer] At major staff meetings two years ago the minister said we should at long last drop the idea that a BND [Bundesnachrichtendienst-Counterintelligence Service] or CIA agent is important. That could be important, to be sure; but it was far more important to control the internal enemy. This policy decision led to the demand that not only kreis offices and the MfS staff responsible for these matters would have to deal with this but also units which were absolutely barred in a classic sense from dealing with these matters.

When the so-called dissidents were deprived of their citizenship in the aftermath of the Rosa Luxemburg demonstrations, the HVA [Foreign Intelligence Collection Main Administration] was forced to strike the main blow there. I am exaggerating now but Ms. Wollenberger could not change her brand of soap in England without Mielke knowing the very next day the name of the new brand. An intelligence service really has other problems to deal with. How was the head of intelligence and counterintelligence to concentrate his forces on the real enemy, if all the minister wanted was information on internal security?

Counterintelligence also was responsible for embassy security. If all you do is keep an eye on demonstrators in front of embassies and submit daily reports on who enters and leaves the library in the American Embassy in East Berlin, you can no longer devote your time to what is really necessary. Mielke even ordered that every visitor following the opening of the French cultural center should be identified. Just imagine! That is really outlandish. After all, it was not hard to figure that persons not interested in politics would visit such an installation to see movies or read newspapers.

[DIE WELT] Was it at all possible any longer to process this information?

[MfS Officer] The MfS became a victim of self-asphyxiation. An immense amount of paper was produced of course. And then there was a second development which had to do with the unofficial staff. The entire range of activities made it necessary for the MfS and its units to be on the constant lookout for new staffers to deal with new tasks. But once the tasks themselves were of no consequence any longer the activities of these staffers were no longer of any significance. In many instances, the individuals did not even know that they were no longer being carried on the MfS rolls as unofficial staff. Both the MfS and the Stasi offices were sitting atop a huge mountain of information. These agencies, just like other bureaucratic organizations, were under pressure to demonstrate success.

It was extremely important to find ways of passing on the information. But to whom? The party already had more than it could handle. So, the different departments bombarded each other [with information]. They then had their day in the sun when the HVA announced that Main Department Two took this or that bit and Department Two reported that it provided support to Department 18 in response to an urgent need for information. In this way the various groups made each other look good. When members of my staff asked me whether we ought to destroy the files, I asked them why. If we really wanted to take revenge, the mountains of MfS papers would be the most confounding legacy we could leave behind. Who would ever be able to find his way through? No one would understand all the material the ministry collected. One day, postal controls were set up in the GDR, i.e., targeted surveillance of the kind that is carried out in the FRG or France as well.

[DIE WELT] What happened to that?

[MfS Officer] Even newly hired employees who had no specific assignment as yet would go over the mail just in order make themselves useful. There were no limits or barriers any more. Postal controls were downgraded to a routine matter. It became more and more widespread and unrestrained as time went by.

[DIE WELT] Can you cite an example?

[MfS Officer] Once I received a copy of a letter an eight-year-old child had written to its parents from summer camp. The whole letter had been copied and there were notations in the margins. When it reached my desk I asked why all this was being sent to us. The answer I got was surprising. The child's mother worked for the MfS; her name was on file with one of the departments. That is why it was thought useful to check on her. But one should have noticed immediately that this was a child writing to its mother and that there was no earthly reason for opening the letter. No secret code had been discovered. But no—the piece of mail had to be examined because the MfS needed to be informed about everything.

In that way, more and more moral restraints fell by the wayside. Strictly speaking, wiretaps and undercover activities were formally restricted by law. But throughout my long career I never heard of a request being turned down or of an inquiry being made. Just consider the following: in the old days, Department Seven and four or five additional departments were housed in the so-called Department 28 in Berlin-Johannisthal. At that time, this particular department occupied one floor of the building. By the end of the MfS era the staff responsible for planting hidden microphones had taken over the whole building.

They never managed to set ethical limits on inadmissible activities for the staff. It was just a routine and nothing else; that is the way they looked at their work—as if it was some lab test being conducted at some institute. With few exceptions our people did not think about what they were doing any more. When staff members were told that it was improper to open a letter from a small child to its mother, they just did not understand why. If someone asked “what if someone did the same thing to you?” he was given a blank stare by his colleagues. They figured he was out of his mind. What's wrong with him? they seemed to be asking. In the final analysis hardly anyone had any scruples any longer about doing whatever he was told.

I would like to return to the case [referred to in the ninth installment of this series] where bugs were planted in the apartments of two of our people on Christmas Eve. When someone said that it was a bit thick to lure a person away from his apartment on the pretext of a doctor's appointment so that the MfS could plant bugs in his apartment, people just shrugged their shoulders. While these individuals were being examined by the doctor MfS agents stole their house keys so that they could plant the bugs in the meantime. Shouldn't people have been incensed about

this? Of course. But people did not really start to think until they themselves became targets.

[DIE WELT] You said earlier that the MfS became a victim of self-asphyxiation.

[MfS Officer] When computers were introduced in various fields in the GDR, Mielke immediately had a list compiled of where they were located. Then orders were issued as to who was to guard access to them and how this was to be done. Let me give you another example. If an MfS agent was working on the case of some individual, there were no taboos. It did not even take the signature of some high-ranking official to obtain medical information subject to professional secrecy. There was absolutely no information which the MfS could not obtain on short notice down to the last detail. What is more, a lot of information was contained in personnel files. No matter whether personnel or divorce files were involved, the Stasi could always get the information it was looking for. It was like a cancerous growth that kept on spreading without those concerned being aware of it. It was like parents not noticing that their own children are growing up. But when an aunt comes visiting, she notices right away that the little boy or the little girl has grown a lot in the meantime.

That is the way it went at the ministry, too. It was a step-by-step process; we did not feel it and no longer noticed where it was headed. Some of us were too lazy to think about it; but most of us did not realize how that process worked.

We of the MfS were proud, too. It gave us satisfaction when Soviet citizens we had recruited would tell us that they would work for us but not for the KGB. When we asked them why, they told us that the KGB had beaten them up in a cellar or had done other awful things to them. But you don't work that way, they said. But we never thought the matter through, i.e., what moral [psychological?] torture means and that it is frequently worse than giving someone a physical beating.

[DIE WELT] Can you think of any dangers we have not talked about yet?

[MfS Officer] Everyone judges the Stasi on the basis of what is known today. But anyone who does that will never be able to comprehend what might have made Herr Professor Dr. Dr. Dr. So-and-So work for the Stasi voluntarily; why Schnur, for instance, offered to work for the Stasi of his own free will; and why MfS agents were around wherever something of interest was going on, including all the bloc parties—which takes us into the future. There was no way the SED could be investigated. The MfS was prohibited from doing so. Today, there is no end to the consequences to think about.

There are lot of things that remain to be done regarding the old threat. I do not want to include the KGB in such deliberations but merely limit myself to the GDR operations. A lot needs to be done to make sure that this does not fall on fertile ground again in the future. It is of virtually no consequence today to locate the original of a pledge or of the

tape-recorded reports by a former unofficial staffer. The really decisive question is: what happens when someone who thought that his past will no longer catch up with him is recruited by a foreign intelligence service?

Information Provided on Military Prison

90GE0178A East Berlin TREND in German 27 Apr 90 p 4

[Article by Erik Suedram: "Schwedt Military Prison Was Forbidden Territory for Years—Why the Secrecy?"]

[Text] During a weekend in October 1989, celebrating the anniversary of the Revolution, A. was out on a pass. With his buddies, he had really tied one on in a bar. What happened after that cost him nine months: attempted rape. "She tried to take off on her bicycle; I went after her, pulled her off the bike and tried to rape her. I was blasted out of my mind...."

The young, shy appearing soldier in uniform without shoulder straps, his hair shorn to half an inch, is one of the last six military prisoners who in the middle of last February were still in detention at this address: Disciplinary Unit of the National People's Army (NVA), Schwedt/Oder. A. is sorry; he is fully conscious of his guilt. Nevertheless, for the next seven months he will breathe the outside air only through barred windows; he will report to his educator as "Military Prisoner A.," in accordance with NVA custom; looking to the outside, his view will be limited by the iron bars on the windows in his beautifully scrubbed abode.

All sorts of stories are circulating about "Schwedt"—rock crushing, chicanery, inhuman conditions. Mostly rumors. The truth had been kept secret until now from insiders as well from foreign visitors, who came in droves to look things over. It was just a tiny item in the centralized information management of the past. It seems idiotic; the longer we walk through the now almost empty cell blocks, past clean rooms without the stink of prison, through the shower rooms which would be the envy of some basic trainee outside, club rooms with color TV, the more we ask ourselves: why all the secrecy?

B. has only a few days left—a noncommissioned officer serving eight months in prison for robbery. The short Berliner has for many weeks lived a life circumscribed by reveille, hard physical labor, military training, little leisure time, and taps; a way of life which while severely regulated and planned down to the minute, is not subject to arbitrary action. "Chicanery, no—not at all," agrees A. and Lieutenant Colonel Manfred Goerlitz, head of the institution, assures us: "We want to train them in observing military regulations." This means that NVA rules are pedantically enforced; if cadence marching is sloppy, it is practiced until it is up to par. Even on Sundays, "if necessary." It also means this: The prisoners get counseling every three months, and each has a chance to turn over a new leaf. It

could be that goose-step training is not all that therapeutic. But inhuman, violent rituals? Our impression is that the law is being observed here.

In Schwedt you can search in vain for victims of Stalinist SED [Socialist Unity Party of Germany] military justice. Prior to the amnesty last December, the prison, built in 1982, contained mostly small offenders. Lots of people charged with assault, careless lawbreakers, etc. They served up to two years here. There were also some serving six months of punitive detention. Another special category was that of people in disciplinary punishment. Separated from the others, they served up to three months under an easier regime. In the past, all major cases in the army were transferred to civil courts, as is the case today for all military lawbreakers. On the other hand, emphasizes Lt. Col. Goerlitz, "none of our inmates were incarcerated here for trifles either." Therefore, the "grey zone" policy damages primarily the men in charge of discipline. For lack of glasnost, they are in a social no-man's-land; almost as isolated as are their "wards." But even if the career soldiers lack for appreciation, the minimal repeat offenders' quota is to their credit.

Says Captain Steffen Herold: "I volunteered for this assignment, and working with people damaged by their environment is not easy." It gets pretty rough sometimes, admits the father of two boys. "But if we are able to spring one before his sentence is served, it's worth it."

Schwedt has never had an inmate uprising; escape stories too must be written about some other place. The military prison experienced a brief period of restlessness at the start of the social upheaval. For eight days the prisoners refused to work, in solidarity with Bautzen and Brandenburg. "But there was no mutiny; everything came off cleanly," says Goerlitz calmly. The demands of the strikers were quickly investigated in a nonbureaucratic manner, and a number of things were quickly put in order: no more added compensatory service for prison time; postal censorship disappeared; citizens' committees from the town were permitted access. They could see for themselves that no military or police personnel who refused orders after the October events had been imprisoned. On 21 December 1989, 31 military prisoners received amnesty and 28 disciplinary detainees were let go at the same time.

B. and another four prisoners fell through the amnesty net. They are now expecting their release—a premature one, some of them hope. Behind them, the iron gates of the prison will swing shut forever. The Army is eliminating its disciplinary unit. A storied chapter of NVA history is ending quietly. Once excessively secret, Schwedt will go the way of the snows of yesteryear.

Statistics

Between November 1982 and December 1989 the Disciplinary Unit had 788 prisoners. About 55 percent served prison sentences; the balance were people in disciplinary arrest.

During the same period there were 2,542 persons serving disciplinary punishment. Some 67 percent of those were basic trainees.

The main violations were:

a. For prison sentences:

- 9 percent desertion
- 13 percent resisting lawful orders
- 11 percent moral offenses
- 13 percent bodily harm

b. For disciplinary arrest:

- 23 percent AWOL for over 24 hours
- 34 percent assault on or resisting other military members

c. For disciplinary punishment:

- 33 percent AWOL
- 28 percent alcohol abuse
- 18 percent assault on or resistance against other military members.

During the above period, the repeat offenders' percentage was 0.9 (for those serving prison sentences or having been arrested) and 2.6 percent for those undergoing disciplinary punishment.

Some 43 percent of those serving prison terms could be released prior to serving their full sentences.

In 2.5 percent of those serving disciplinary punishment, sentences had to be extended for up to four weeks.

POLAND

Franco-Polish Disarmament Proposal Seeks Combat Vehicle Limitations

90WC0082Z Paris LE MONDE in French 16 Jun 90 p 6

[Article by Waltraud Baryli: "Paris and Warsaw Try To Break Impasse in Vienna Negotiations"]

[Text] Vienna—On Thursday 14 June at the Vienna disarmament negotiations, France and Poland offered a

joint proposal establishing definitions and ceilings for tanks and armored combat vehicles. Mr. Francois Plaisant, head of the French delegation, told the press the initiative marked a "breakthrough" in negotiations, which have been at an impasse in recent months.

Mr. Plaisant said that during the morning plenary session the member countries of NATO and the Warsaw Pact voiced no objections to the initiative, which he described as "the subject of informal but full agreement on the part of the 23 countries" participating in the talks. The more cautious Polish representative refrained from using the term "agreement," merely noting that "many of the Eastern and Western countries" supported the Franco-Polish proposal.

A little later, however, the Americans disclosed that during a subsequent working group meeting the Soviets brought up problems they had not raised during the plenary session. It seems that though the Soviets agreed to work from the Franco-Polish text, they insisted that further discussions at the technical level were needed to prepare lists of the various types of tanks involved.

The Franco-Polish proposal calls for a ceiling of 20,000 tracked and wheeled tanks for each alliance. Only vehicles with an empty weight of 16.5 tons or more would fall into this category. The proposal also calls for a ceiling of 30,000 armored combat vehicles, with a subceiling of 18,000 for armored infantry combat vehicles and heavy weapons vehicles, and a special subceiling of 1,500 for heavy weapons vehicles weighing six tons or more.

If this proposal were adopted, negotiators could turn their attention to the controversial issue of warplanes and combat helicopters. Among other things, the USSR refuses to include its land-based naval aviation assets in the negotiations; this position is unacceptable to NATO, which argues that modern warplanes can carry out effective surprise attacks.

The Soviets are also demanding numerical limits on the strength of the Bundeswehr, and that is the main reason the negotiations have been stalled. Western negotiators believe agreement on military materiel must be reached before troop strength issues are addressed in a second phase of the Vienna talks.

GERMAN DEMOCRATIC REPUBLIC

Women's Employment Compared to FRG Level

90GE0165A West Berlin WOCHENBERICHT-DIW
in German 10 May 90 pp 263-267

[Unattributed article: "Women's Employment and Income in the GDR"]

[Text]

The High Employment Level of Women Should Be Maintained

In discussing income relations between the two German states, the focus thus far has been on differences in average gross wages and salaries. These differences are significant in terms of assessing the burden of labor costs or competitiveness of the GDR economy. However, in order to evaluate not only the direct economic consequences of an economic and currency union, but also the social consequences of a currency conversion in the GDR, calculations on the basis of average gross income are scarcely adequate. This level of income is only about one-third of the corresponding level in the FRG. For household income, however, this gap is only around 50 percent. The reason for this is the high employment level of women in the GDR, which is largely made possible by the child-care system there.

The following article shows the differences in income in working-class, salaried-employee, and government-worker households, based on a sampling of income and consumption in the GDR¹ and the Socioeconomic Panel in the FRG.²

Income Relations Between the Two Germanys

Polls show that gross wages and salaries per worker in the GDR—assuming a conversion rate between the mark and the Deutsche mark of one to one—are only around one-third of the level in the FRG (cf. Table 1). In contrast, the current lag in net wages in the GDR is only about 60 percent.

Table 1. Monthly Income in the GDR and in the FRG, 1988

| | GDR in Marks | FRG in DM | GDR in Relation to FRG (in percent) |
|-------------------------------------|--------------|-----------|-------------------------------------|
| Gross wages per worker ¹ | 1,038 | 3,087 | 34 |
| Social security ² | 57 | 499 | |
| —As percentage of gross wage | 5.5 | 16.2 | |
| Withholding tax | 125 | 503 | |
| —As percentage of gross wage | 12 | 16.3 | |
| Net wages per worker | 854 | 2,085 | 41 |

Table 1. Monthly Income in the GDR and in the FRG, 1988 (Continued)

| | GDR in Marks | FRG in DM | GDR in Relation to FRG (in percent) |
|---|--------------|-----------|-------------------------------------|
| Net household income per household member: ³ | | | |
| Total | 696 | 1,420 | 49 |
| For couples with: | | | |
| —2 children | 546 | 854 | 64 |
| —3 children | 459 | 751 | 61 |
| For single parents with: | | | |
| —1 child | 515 | 904 | 57 |
| —2 children | 415 | (787) | (53) |
| For single-person households | 1,024 | 2,120 | 48 |
| Net working income per household ⁴ | 1,695 | 2,926 | 58 |

¹In both samplings, the average values are somewhat higher than the results from official statistical sources.

²Not including additional, voluntary insurance contributions.

³Only households with dependent employees.

⁴Including premium payments and other earned income.

Note: () indicates number of cases less than 30.

Sources: State Central Administration for Statistics, *Household Income and Structure of Households of Workers and Salaried Employees, 1988*; *The Socioeconomic Panel, Line 5 (1988)*; calculations and estimates by DIW.

Of critical significance to this discrepancy is the lower withholding tax in the GDR. It amounts to around three-fourths of the withholding tax in the FRG. Most importantly, however, the contribution rate to social security in the GDR is about 10 percentage points lower than in the FRG.

In the course of converting to economic and social union with the FRG, a comparable contribution system will develop in the GDR.³ Expenditures on social security will thus rise considerably. In contrast, harmonization of the tax system with the system in the FRG will tend to further decrease the withholding tax of workers in the GDR. A large part of gross income would fall below the income exemption level. Thus, for the future as well—even if not in the previous order of magnitude—one can assume a more favorable ratio of net wages to gross value.

The income lag in the GDR for net household income per capita is even less than with net wages per worker. Figured per family member, the average net income in the GDR is about half that in the FRG. This ratio is clearly more favorable than with gross wages and salaries.

Thus, there is a different starting position for the GDR, depending on what definition of income one uses. Lower cost-effective gross wages and salaries, which are advantageous for the competitiveness of the GDR economy, are contrasted by a significantly smaller lag in purchasing power-effective net household income.

However, these are rather rough, average values, which scarcely allow one to draw conclusions about the potential social consequences of an economic and currency union. For example, the income lag of a so-called average family (couple with two children) is only around 35 percent compared to the FRG. In contrast, this figure is 52 percent for single-person households. Compared to the FRG, there is a large number of single parents raising children in the GDR. They are estimated to comprise 20 percent of all parents.⁴ The net income of single-parent households with one child is 57 percent of the income of the comparable group in the FRG. This relatively favorable position is not due to the higher social service expenditures; rather, it is the result of the high employment level of single parents in the GDR.

High Employment Level of Women in the GDR

The substantial differences in income for various types of households indicate that in the GDR there are on the average nearly two workers contributing to household income, while in the FRG the statistical average is less than one and one-half. The reason for this is the relatively high employment rate of women in the GDR, 83 percent (cf. Table 2).⁵ In the FRG, in contrast, only around one in two women is employed.

Table 2. Employment and Work-Time Structures of Women in Both German States, 1988 (in percentages)

| | GDR | FRG |
|--|------|------|
| Employment rate, total ¹ | 82.8 | 64.1 |
| Employment rate, women | 83.2 | 50 |
| Of which employed part-time ² | 26.9 | 40.7 |
| Of which: ³ | | |
| Part-time 1 | 4.8 | 3.4 |
| Part-time 2 | 16.2 | 14.1 |
| Part-time 3 | 5.9 | 23.2 |

¹Percentage of the population between the age of 15 and 65 (GDR: women 15 to 60) employed. In the GDR, those working also include retirees with a job who are older than 60 (women) or 65 (men). Employment in the GDR is even higher if people working in the so-called x area (military, police, parties, etc.) are included, which previously was not revealed. According to new calculations, a total employment rate in the total economy of 85.9 percent is achieved.

²Workweek shorter than the average normal workweek (GDR 42.8, FRG 39 hours a week). FRG: only dependently employed women (blue-collar workers, salaried employees, government workers).

³Standardized according to the existing classification for part-time work in the GDR: Part-time 1: GDR 35-39 hours, FRG 31-35 hours; Part-time 2: 25-34 hours, 22-30 hours; Part-time 3: up to 24 hours, up to 21 hours.

Sources: Statistical Yearbook of the GDR; Heidrun Radtke, "On Part-Time Work in the GDR—Working and Employment Conditions for Part-Time Working Women" [Zur Teilzeitarbeit in der DDR—Arbeits- und Beschäftigungsbedingungen von teilzeitbeschäftigten Frauen], Laender report for the International Labor Office, mimeo, East Berlin, 1988; Hans-Joachim Heidenreich, "Employment in April 1988" [Erwerbstätigkeit im April 1988], WIRTSCHAFT UND STATISTIK, Vol. 7/1989, pp. 327-329; The Socioeconomic Panel, Line 5 (1988); calculations by DIW.

In the 1960's and 1970's in particular, due to the labor shortage, the employment of women in the GDR was

specifically promoted and in this way, unlike in the FRG, it developed into the societal norm. The most important instrument for promoting female employment was the development of a nearly universal child-care system, which, despite all the criticism of the quality of care in its individual elements, must certainly be considered one of the most important social amenities in the other German state. This employment policy has also had consequences for the level of professional training of women in the GDR; it is, at least in terms of formal qualifications, much higher on the average than in the FRG.

There are also differences with regard to the hours that working women put in. The workweek prescribed by law in the GDR is 43 hours and 45 minutes; it drops for work in a two-shift system to 42 hours and in a three-shift system to 40 hours a week. In addition, the workweek generally drops to 40 hours for working women who have at least two children to care for under the age of 16. Contrary to popular opinion, there is also a not insubstantial number of women in the GDR who work part-time. The framework for part-time employment is set out in the Labor Code of the GDR. Thus, old-age and disabled retirees have a legal right to part-time employment, while women with special family obligations do not. However, if business conditions so allow, they may hold a part-time job. Other groups are excluded from part-time work on principle. At any rate, results of official statistics show that nearly 27 percent of all working women in the GDR take advantage of the opportunity to work shorter hours. Using a comparable statistical scheme, the part-time quota in the FRG is just under 41 percent. It is not known whether a significant amount of marginal employment situations evade statistical recording. However, because of the already high level of employment, this problem probably does not occur in the same order of magnitude as in the FRG.⁶

The structure of hours worked is also different with part-time work. At 16.2 percent, the greatest concentration in the GDR is the second part-time range of 25 to 34 hours per week. In the FRG, 14 percent of working women work comparable hours. The part-time range with only a slight reduction in the number of hours worked plays a secondary role in both countries. The part-time range with the lowest amount of working hours—from 24 (GDR) or less than 21 hours a week—applies to one in five women in the FRG, but only to one in 20 women in the GDR. Unlike in the FRG, part-time workers in the GDR are nearly equal to full-time workers in terms of social benefits.

Women's Earned Income

The average net earned income for women is 709 marks in the GDR; this corresponds to a good half of the West German mark income of women in the FRG (cf. Table 3). For full-time workers, compared to the FRG, the relative income position of women is more favorable than that of men. Although the differences in income

between men and women in the GDR are not as pronounced as they are in the FRG, there are still gender-specific differences in income.

Table 3. Net Monthly Earned Income of Dependently Employed Women, 1988

| | GDR in Marks | FRG in DM | GDR in Relation to FRG (in percent) |
|--------------------------------|--------------|-----------|-------------------------------------|
| Women, total | 709 | 1,415 | 50.1 |
| —Full-time | 762 | 1,745 | 43.6 |
| —Part-time 1 | 710 | 1,694 | 41.9 |
| —Part-time 2 | 550 | 1,098 | 50.1 |
| —Part-time 3 | 490 | 704 | 69.6 |
| For comparison: men, full-time | 1,009 | 2,575 | 39.2 |

Sources: State Central Administration for Statistics, *Household Income and Structure of Households of Workers and Salaried Employees, 1988*; *The Socioeconomic Panel, Line 5 (1988)*; calculations and estimates by DIW.

Besides the employment level, the different structure of the workweek also has an effect on the composition of household income (cf. Table 4). In the GDR, women contribute just under 44 percent of the joint earned income in households where both partners are employed, while this figure is 38 percent in the FRG. The difference is even clearer if all family households are considered, thus including those in which the women do not work. In the GDR, the contribution of women to net household income is still nearly 40 percent, while in the FRG it is only 18 percent. The more favorable ratio of household income compared to individual working income is thus based almost exclusively on the higher employment level of women in the GDR.

Table 4. Contribution of Women to Earned Income of Partner Households, 1988 (in percent)

| | GDR | FRG |
|---|------|------|
| Contribution to net earned income of partner households: ¹ | | |
| —Households with working women | 43.7 | 38.1 |
| —All partner households | 39.7 | 18.1 |

¹ Basis: Multiple person households of partners in which at least one person is dependently employed.

Sources: State Central Administration for Statistics, *Household Income and Structure of Households of Workers and Salaried Employees, 1988*; *The Socioeconomic Panel, Line 5 (1988)*; calculations and estimates by DIW

Conclusion

It is obvious that the large scale of female employment is of critical importance to the income situation of private households in the GDR. This is true in particular if the system of social security, similar to the situation in the FRG, is closely linked to earned income.⁷

The transition of the GDR economy into a market-oriented system will in all likelihood result in short- to medium-term employment problems. It is unclear what the effects of this and the longer term restructuring of the GDR economy will have on female employment. From the perspective of the individual private household, it would be difficult—completely regardless of how the role of women in the GDR is understood—to give up one wage earner. The question of which partner is affected by unemployment is only of minor significance here. Single parents clearly will not be able to give up one income source.

The important precondition for a continued high employment level of women will no doubt be the extension of good opportunities for child care,⁸ the quality of which is admittedly in need of improvement. On this basis, it is possible in the GDR that the employment situation for women will develop similarly to that for men. This view is supported by the relatively high level of formal, professional qualifications of working women in the GDR. Should the formal qualification level prove to be inadequate in the course of restructuring the GDR economy, men and women would be affected by this in equal measure. Although the relative employment level for women is especially high in sectors that could exhibit above-average employment risks (e.g., light industry), good opportunities for women can be expected in the still underdeveloped service sector,⁹ which has played a disproportionate role in the increase in the employment level of women in the FRG.

Footnotes

1. This report was prepared in conjunction with the "Labor Economics" Academic Department of the College for Economics in Berlin-Karlshorst.

2. The income sampling in working-class and salaried-employee households in the GDR for 1988 covered around 60,000 income earners; approximately 33,000 persons were surveyed. On the Socioeconomic Panel, which constituted approximately 10,000 interviewees in 1988, cf. "Insignificant Employment" [Geringfügige Beschäftigung], J. Schupp, J. Schwarze, and G. Wagner, *WOCHENBERICHT DES DIW*, No. 47/89.

3. Cf. "GDR: Transition to New Pension System Difficult" [DDR: Uebergang zum neuen Rentensystem schwierig], E. Kirner, H. Vortmann, and G. Wagner, *WOCHENBERICHT DES DIW*, No. 14/90.

4. Cf. G. Winkler, ed., "Social Report 1990" [Sozialreport 1990], Berlin/GDR, p 253.

5. Employment in the GDR is still somewhat higher if workers in the so-called x areas (military, police, parties, etc.) are included. The average employment rate for men and women is then as much as 85.9 percent.

6. Intended here is not the amount of activity in the "shadow economy," which most certainly plays a role in

socialist countries. Cf. for the FRG: J. Schwarze, "Moonlighting in the Federal Republic of Germany—The Extent and Causes of Multiple Jobs and the Shadow Economy" [Nebenerwerbstaetigkeit in der Bundesrepublik Deutschland—Umfang und Ursachen von Mehrfachbeschaeftigung und Schattenwirtschaft], Frankfurt/New York, 1990.

7. Cf. "Draft Law on Pension Reform 1992" [Gesetzentwurf zur Rentenreform 1992], Ellen Kirner and Volker Meinhardt, WOCHENBERICHT DES DIW, No. 23/89.

8. Cf. also Norburga Ott, Heidrun Radtke, Wera Thiel, and Gert Wagner, "Child-Raising and Employment—Market-Economy Options for a Jobs Compatible With Child-Raising in Germany" [Kindererziehung und Erwerbstaetigkeit—Marktwirtschaftliche Moeglichkeiten einer erziehungsfreundlichen Erwerbsarbeit in Deutschland], DIW Discussion Paper No. 7, Berlin, 1990.

9. Cf. "Quantitative Aspects of a Reform of Economy and Finance in the GDR" [Quantitative Aspekte einer Reform von Wirtschaft und Finanzen in der DDR], GDR Working Group of DIW, WOCHENBERICHT DES DIW, No. 17/90.

Reunited Shipbuilders Assess Competitiveness

90GE0173A Duesseldorf *HANDELSBLATT* in German
7 Jun 90 p B5

[Article by Peter Gerds, economics editor of *DER DEMOKRAT*, Land newspaper for Mecklenburg and Western Pomeria, in Rostock: "VSM [Association for Shipbuilding and Sea Technology] Again All-German: Partners on the GDR Baltic Coast/Resourceful Specialists"]

[Text] When the Association for Shipbuilding and Sea Technology (VSM) with headquarters in Hamburg was founded in 1884, the Neptune Shipyard in Rostock was one of the initiators.

The shipyards in the eastern part of Germany were excluded from this joint representation of interests for decades. That has been a thing of the past since the beginning of May. After 45 years, there is once again a combined German VSM. It offers its services to the shipyards in Oldenburg and Hamburg as well as in Wismar and Stralsund.

It initially involves an exchange of information within the branch and a firm position relative to the two German Governments and the EC Commission in Brussels.

In this connection, a position paper of the association on the "Position of the German Shipyards in International Competition" was presented in Rostock. It is based on a joint analysis of German shipbuilding, forecasts the demand in world shipbuilding through the year 2000, gives information on the utilization of capacities and

proposes self-help measures of the shipyards as well as state measures to secure the future of the shipyards.

Juergen Begemann, a shipyard director in the GDR, on the question of the possibilities of transferring the shipyard industry in the GDR to a market economy: "Above all it is necessary to raise productivity so as to cope with cost-covering prices in competition. The experiences of the West German shipyards are helping us on this path."

"Also important in this connection is the decartelization of production levels: more specialization of own production and separation of the associated suppliers. Specifically that means establishment of small and medium-sized enterprises around the shipyards. Offers must come from shipbuilding but the municipalities also have an important task in the securing of jobs."

What are the shipyards of the Baltic coast contributing to overall German shipbuilding and thus to the land around Oldenburg? 58,000 employees is a stock of competent engineers, technicians, and specialists. There are over 5,700 workers in research, development and design and about 8,400 engineers—scientific-technical personnel whose ingenuity was proven in the improvisation so often necessary in the planned economy. There are customer ties to 45 countries and know-how through the specialization in the building of container ships, catch and processing as well as refrigerator ships, chain-and-bucket excavators and ferries.

Certified public accountants and tax advisers of the FRG are advising the enterprises of the industrial branch in the managerial conversion to the accounting system and tax regulations of the FRG. This work is linked with the use of shipyard specialists and finance experts in carrying out rationalization measures in the organization of production and management, cooperation, finance, and material economy.

The help of the VSM is clearly perceptible in these steps. About 800 key personnel are to be prepared for the demands of the market economy through training and advanced training in market-oriented management, marketing, and sales.

The existence of one out of every two families in Rostock is directly linked with the success of the maritime economy. For shipbuilding, therefore, the clear orientation is toward the achievement of the productivity and efficiency levels of the shipyards in the FRG within three to five years.

"We know very well where we are missing the hand's breadth of water under the keel," says Begemann. "Our current level is the result of 40 years of central planning. And the forthcoming currency union will not immediately help us to overcome our deficiencies. Our shipbuilding needs an adaptation and structural program before it can achieve competitiveness."

HUNGARY

'Global Market Opening—Economic Turnaround' Views Revised

90CH0217A Budapest FIGYELO in Hungarian
24 May 90 p 5

[Interview with Andras Koves, Kopint-Datorg deputy president, coauthor of "Global Market Opening—Economic Policy Turnaround," by Robert Becsky; place and date not given: "Who Pays the Bill?"—first two paragraphs are FIGYELO introduction]

[Text]

Who Pays the Bill?

When at the end of 1988 the article "Global Market Opening: Economic Policy Turnaround" was formulated, the editors could scarcely have thought that the main ideas contained in it, the loss in scope by the Council for Mutual Economic Assistance (CEMA) and the breakthrough of a Western orientation, would have become fact with such speed.

"What is your opinion, as one of the authors of the study, about the possible directions for foreign economic policy today?" we asked Andras Koves, deputy managing director of the KOPINT-DATORG Business Cycle, Market Research and Information Science Institute.

[Koves] In the wake of the collapse of the Soviet economy and the political-economic changes in East Europe, CEMA is finished as the regional cooperation bloc which essentially makes the decisions on the economic development strategy and foreign economic orientation of the member countries. The formation of a new system of bilateral relationships is unavoidable. As a sign of this, a preliminary agreement has been established between Hungary and the Soviet Union on the changeover to dollar-accounting. Although the details of the agreement have not been worked out yet and the question remains open about successfully adopting the radical solution of decreasing state commerce and engaging in dollar-accounting based on genuine business relations in which the Hungarian enterprises participate with their partners in complete freedom and responsibility for actions, it is a certainty that from now on it will not be possible to carry on commerce in the old way.

[Becsky] It appears that the break-up of CEMA relationships is progressing even faster than intended. Since these countries are important markets for each other in the everyday sphere, it will be impossible in 1991 to know who will enter into business agreements, how, and in what currency.

[Koves] For 40 years, systems of relationships and economic structures have developed that have been tied to CEMA provisos. This was paralleled by one type of economic mind-set in the state apparatus and in the heads of the enterprise directors, and the capabilities and

the readiness and even the forms of behavior of Hungarian businessmen became enmeshed in it, too. The consequences of all these things will be with us for years, even decades. The organization of economics cannot be transformed as quickly as an organization for cooperation can cease to exist or be reshaped.

This has to be taken into account as a restricting factor at the time when CEMA is disintegrating and foreign economic strategy is being established. But effort will also have to be expended where there is a means of doing so and where maintaining commerce and regional cooperation is advantageous with regard to the division of labor that was established earlier with the CEMA countries.

[Becsky] However, proclaiming the end of the orientation toward CEMA presumably cannot mean the start of a Western orientation overnight. At least the statements that have been made abroad about the options for joining the European Community (EC) indicate this.

[Koves] Linking together with Europe, joining the EC, and integrating into the global economy are all naturally a fundamental strategic goal. But one that certainly cannot be achieved in a short period of time. And judging by the problems, it is not the method of establishing connections but the Hungarian economic situation and the "objective" difficulties of systemic change that have come to the fore. The current Hungarian economic structure, the insufficient ability to compete and to export, the tasks in general that are facing us, privatization, and reorientation pose an entire series of issues to which there are no pat answers. Counting on the quick establishment of a market economy is a delusion, not to mention our serious indebtedness which is hindering the transformation of the economic structure. The politicians are bent on dazzling us with the advantages of the EC, but we also have to hold our own in the stiff competition of a unified market. It is no accident that the Community has tailored multi-year transition periods for countries that are even more advanced than we.

[Becsky] However, it is certain that, considering the transformation in European economic and political relations and the reunification of Germany, we cannot wait 10 to 12 years for the disintegration of CEMA.

[Koves] There is no doubt that only by gaining membership will integration into the EC and, in a broader sense, into the West be complete. However, based on the actual experiences of other countries joining, we cannot count on the European CEMA countries becoming members of the EC by the turn of the century either. Yet even today we must and can initiate the process that will lead in the end to EC membership. Entering into an agreement on association could right now be a short-term goal, and this would allow the proper direction and framework for the process of integration to be delineated. The association agreement would cover commercial relations, to include agricultural trade, and financial and credit relations, and

furthermore it would be able to provide a framework for specifying an agreement on the conditions and the schedule for joining. The latter agreement would help establish the domestic, economic, and political conditions necessary for joining the EC.

[Becsky] You mentioned our serious indebtedness as one of the conditions hindering accession to Europe. In light of this, what will the new government be able to expect?

[Koves] The Hungarian Government up to now has rejected the debt rescheduling concomitant with a declaration of insolvency, which I believe should be avoided for the future, too. However, it does not follow that the debt-management policy can remain unchanged. In the absence of an alternative strategy for dealing with the debt, not only is maintaining the current standard of living a pipe dream, but a further and presumable significant decrease in the standard is also unavoidable. The social tensions now taking shape, on the other hand, can seriously jeopardize the political conditions needed to unite with Western Europe, that is to say, the relationships which develop between democratic, parliamentary parties in the course of their functioning. The key to systemic political and economic change, therefore, is to staunch the future net outflow of capital from Hungary, which is conceivable through the use of some means of debt relief, in my opinion.

[Becsky] The frequent Western response to debt-relief plans is that measures to ease payments and grant new credits have more often led to squandering these options than to the necessary structural and other changes.

[Koves] I was not thinking about unconditionally easing payments or granting credits. But the Western attitude would have to be linked to long-range economic transformation, realization of market reforms, and restructuring CEMA relationships, not to short-range quantitative goals. Today, however, the Western world is linking its support of the agreement between the East European countries and the International Monetary Fund (IMF) with the idea that support for reforms and restructuring must be separated from getting the financial situation in order. Instead, a line cannot be drawn between the two. Although the world press is full of their financial support plans for East Europe, in reality no one at all has dealt with this seriously yet. And the net outflow of capital that will be long-term and will grow in size according to IMF forecasts, will paralyze the growth of savings and investments, something which is precisely a requirement for structural change.

[Becsky] In the wake of the change in the political system, can't Hungary count on terms which are more favorable than those we have had up to now?

[Koves] While a lot of discussion is going on about the change in the political system, it strikes me that the new government could find itself in possibly even more difficult circumstances than its predecessors. Although it is justified in pointing out that it had very little part in the deterioration of the financial situation up to the

present, it will still be afflicted by the economic and political consequences of the mistakes committed by its predecessors. It is not an unfounded complaint that the method used by past administrations to skirt a radical drop in living standards was to continuously draw on credit and increase the level of debt, and now—if the Western position does not change—the new government will have to tackle this. The political bargaining power of the new government vis-a-vis its foreign partners could even decrease in a certain regard, because the ones before could promise important political changes, and essentially they got by until the change in systems during the course of negotiations with the Western governments and banks. So it was never an issue of unilateral support, it was one of an arrangement involving mutual interests. The question is whether the new government will have a case strong enough to point out that if the West does not manifest a sufficient amount of understanding, the Hungarian union with Europe will be endangered for a long time and the country could be destabilized.

Payment Union: U.S. Rains on EC Aspirations at Bretton Woods

*25000743B Budapest NEPSZABADSAG in Hungarian
25 May 90 p 3*

[MTI [Hungarian Telegraph Agency] report: "Soros Proposal: Financial Union for East Europe; New Medium of Payment Also Needed in the Soviet Union"]

[Text] East European countries are losing between \$12 billion and \$15 billion by changing the medium of their [trade] settlement with the Soviet Union to dollars. To alleviate this heavy burden, a payment union must be established with Western support, similar to the one that functioned at the time of the Marshall Plan, per a recommendation made by Gyorgy Soros. The Baltic republics could also join the union. This well known American banker of Hungarian origin spoke at a meeting of the Bretton Woods committee in Washington. Among other leading authorities he expressed views among of the world concerning the possibilities of financial evolution in East Europe.

Soros also recommended that a new medium of payment be established in the Soviet Union, backed in part by Western credits and in part by Soviet gold reserves, and that paralleling this they should introduce a general coupon system for consumer goods. Stabilization of the Soviet Union is in the interest of the West, because otherwise a "Russia of the Weimar type," the return of nationalist socialism and chaos, threatens. Although the monetary and organizational preconditions for grandiose reform do not exist, the fact that [such] proposals are being made in the West may influence Soviet development in the right direction, Soros said.

Frans Andriessen, the European Community's vice chairman in charge of foreign relations, called attention to the fact that exchange rates are changing to the detriment of East Europe in trade with the Soviet Union: Beginning in 1991, East European countries will make

payments for energy and raw materials in convertible currencies, while the Soviet Union will not spend its tight convertible currency budget on East European products. Thus, at a time when new, large burdens are facing East Europe precisely in the critical period of transition, the idea of a payment union is of great interest to the West, Andriessen said. At the same time, several concerned countries indicated that they opposed the idea because a payment union would conserve the old structures. (While Hungarian experts view the plan with interest, Czechoslovak Finance Minister Vaclav Klaus expressed his strong opposition to the planned payment union on grounds that the goal is not to bring about further separateness, but to return to Europe.)

Andriessen also said that the EC is studying new initiatives to encourage capital flow to East Europe by way of export credits and by guaranteeing investment risks. Belgian Finance Minister Philippe Maystadt suggested that International Monetary Fund member nations be permitted to yield funds to the extent of their unused credit lines to other countries.

Italian Foreign Minister Gianni de Michelis felt that East European reforms may become successful only gradually and "with the full partnership of the West." Expenditures as well as risks must be shared, because the failure of reforms would also have an impact on West Europe. Also, de Michelis thought that the issue of Soviet reform measures cannot be separated from East Europe, and that the Soviet Union cannot succeed without strong Western support. The payment union is needed, he stressed.

FDP [Free Democratic Party] Chairman Otto von Lambsdorff rejected the assumption that henceforth the FRG would support only the GDR. Providing all types of assistance to Poland, Hungary, and the CSFR remains in the unchanged interest of the FRG because political reform measures of the East cannot succeed without economic results.

The primary, long-term goal of U.S. foreign policy is to help the East European reform processes, because the success of these may serve as a model for the developing world, according to First Deputy Secretary of State Lawrence Eagleburger. The West cannot formulate plans in a rapidly changing situation, it must react in a flexible manner instead. Washington endeavors to better streamline assistance; in an international context the group of 24 developed countries [acting jointly] for this purpose proved to be an appropriate forum, according to Eagleburger.

Hungarian National Bank [MNB] first deputy chairman Endre Tarafas reported at the Bretton Woods Committee meeting on Hungary's financial situation and about concepts related to foreign financial assistance.

IMF Satisfied With 1st Quarter Balance-of-Payments Record

*25000746B Budapest NEPSZABADSAG in Hungarian
14 Jun 90 p 5*

[Unattributed article]

[Text] International Monetary Fund deputy director Richard D. Erb told a press conference at the Hungarian National Bank [MNB] yesterday afternoon that he stayed in Hungary for one day, took part in an international business conference held at the Hilton, and met a few economic leaders, including Finance Minister Ferenc Rabar and the president of the MNB.

He mentioned that the IMF delegation reviewed the main data concerning the first quarter performance of the Hungarian economy, and that he was satisfied with the developments. They planned a \$550 million deficit in 1990 in the current balance of payments, [but as it stands today] the deficit may not increase beyond \$400 million. He mentioned that last year's current balance of payments deficit amounted to \$1.4 billion.

Erb was optimistic about the long-term prospects of the Hungarian economy, and said that he had well founded reasons for providing continued IMF support to Hungary. On the other hand, he left no doubt that he insists on the upper limit of 10 billion forints in budget deficits. He said it was the government's tough job to find a way to accomplish this; internal ratios, tax rates, and the regulation of enterprise incentives are governmental functions. The only matter the deputy director stressed was that continued economic reform is indispensable; in order to accomplish this, however, further liberalization and an opening toward the world are indispensable.

Although the IMF leader expressed satisfaction with the trend followed by the Hungarian economy and with the first quarter results, he noted that he regards the rate of inflation as too high, and the economic growth rate as too low.

Foreign Exchange Savings Deposits Increase

*25000746C Budapest NEPSZABADSAG in Hungarian
20 Jun 90 p 10*

[Unattributed article]

[Text] During the first five months of this year the amount of deposits in domestic foreign exchange accounts held by the National Savings Bank [OTP] increased by 40 percent. It is an interesting fact that during this time the amount of forint deposits (255 billion) does not show an essential change. The amount of individual foreign exchange deposits held by the OTP at present is 33.2 billion forints, while in December it amounted to only 23 billion forints. The foreign exchange held by Foreign Tourism, Procurement, Travel, and Shipping, Incorporated [IBUSZ] also increased significantly. While on 31 December they held individual foreign exchange deposits amounting to 4.4

billion forints, at present the foreign exchange accounts are worth 6.4 billion forints.

Dollar Trade Surplus Multiplies From January to May

Overall Figures

25000746F Budapest NEPSZABADSAG in Hungarian
13 Jun 90 p 1

[MTI [Hungarian Telegraph Agency] report]

[Text] During the first five months of this year the Hungarian trade surplus [in terms of convertible currency] amounted to \$338 million, according to the Ministry of International Economic Relations [NGKM]. (At the same time last year the trade surplus amounted to \$24 million.)

Exports not subject to settlement in rubles amounted to \$2.325 billion during the first five months of 1990. This exceeds last year's value by 19 percent. Imports amounted to \$987 million, reflecting an increase of 2.9 percent. The largest growth may be seen in deliveries to the Federal Republic of Germany. The value of such shipments reached the \$519 million level, as compared to \$392 million last year. In the framework of trade subject to settlement in rubles, a trade deficit of 284 million rubles evolved as a result of steps taken in January. In this relation exports amounted to 862 million rubles, while the value of imports was 2.146 billion rubles. As compared to the same period last year, exports declined by 32 percent, while imports were reduced by 21 percent.

Additional Details

25000746F Budapest MAGYAR NEMZET
in Hungarian 19 Jun 90 p 3

[Article by (g.l.)]

[Excerpts] [passage omitted] Exports payable for in convertible currencies have increased in every field. For example, the export volume of materials and component parts represents 43 percent of all exports. A \$153 million surplus evolved in agricultural and food industry exports, which represent 28 percent of all exports. [passage omitted]

The [NGKM] bulletin indicates that this year's consumer goods exports exceeded last year's value by \$62 million. Forty-three percent of the transactions not subject to settlement in rubles took place in relation to EEC member countries, and the value of these has exceeded last year's value by 24 percent. The other day the minister of international economic relations called attention to the fact that there are already visible results of the shifting gravity. This trend may be measured well in the framework of our trade with EEC countries in the months thus far, and will soon be measurable relative to

trade evolving with the European Free Trade Association [EFTA] countries, parallel with EEC trade. Also in regard to trade with EFTA, the volume and ratio is on the increase.

It is likely that even the last doubts about import liberalization will dissipate. Based on the import liberalization list further expanded since last year, imports have increased—during the first five months capitalist imports exceeded last year's volume by three percent. The ratio of parts and materials procurement which helps the productive sphere and exports is also on the increase. The quick balance sheet covering almost half a year states that agricultural and food industry imports declined by \$40 million as compared to last year. But the overall increase in imports is a result of the fact that we purchased energy resources and electrical energy worth \$44 million more than during the same period last year. [passage omitted]

Securities Exchange Chief Named

25000746H Budapest NEPSZABADSAG in Hungarian
20 Jun 90 p 1

[Interview with Lajos Bokros; place and date not given: "Lajos Bokros Is President of the Exchange; This Is Where the Value of the Firm Is Decided"]

[Text] It took almost a day to establish the Budapest Securities Exchange. The founders, in session all day long, had to accept the bylaws of the exchange, following approval by the government on the same day, and had to elect the governing bodies of the Exchange. Thus Lajos Bokros, Hungarian National Bank [MNB] managing director and MSZP [Hungarian Socialist Party] parliamentary representative, became chairman of the nine-member Exchange Council against Elemer Tertak, and Ilona Hardy, the head of EKT, became the managing director.

But who can be members of the Exchange? After long debate a legal provision prevailed which states that business companies may be members of the Exchange. The National Savings Bank [OTP] has still not complied with this condition, because it did not succeed in converting itself into a stock corporation. Thus it could not become a member of the Exchange and its license to sell securities expires on 30 June. The State Insurance Company and the Hungarian [Insurance Company] were also "blackballed." Although both are business companies, they did not have a license to sell securities on 1 March, the day the Exchange Law went into effect. This means that they cannot be members of the Exchange from the outset. Merkantil Bank is the fourth financial institution which for reasons similar to those of the OTP has not been able to climb up on the accelerating carriage of the Hungarian Exchange.

Immediately after his election we asked Lajos Bokros about his plans.

[NEPSZABADSAG] How do you reconcile your functions as a representative with those as president of the Exchange?

[Bokros] I have made a decision already, but for the time being I do not wish to comment on it.

[NEPSZABADSAG] What goals do you have as president of the Exchange?

[Bokros] The superstructure has been established at present, in other words we must lay the foundations. We must establish sales and actors, brokers and investors.

[NEPSZABADSAG] What relationship should there be between the government and the Exchange?

[Bokros] We expect the government to always take advantage of the Exchange as a means of privatization, if a high quality firm is at issue. This would be done primarily by giving preference to small investors from Hungary, i.e. the broadest possible owner group should be organized behind the enterprises. This is needed, if for no other reason, because in this place the value of property is established on an impersonal basis, and this avoids debate about "how much an enterprise is worth." The rules are sufficiently liberal to provide equal chances for foreigners and Hungarians to buy and sell at the Exchange. Hungarian private investments must be given preference in the course of privatization.

Privatization Progress Report

25000742A Budapest NEPSZABADSAG in Hungarian
30 May 90 p 8

[Interview with Istvan Tompe, director of the State Property Agency, by Zsuzsa Gal; place and date not given: "The Tricky Pseudostock Corporations Can Be Nationalized; Tompe: No Idyll May Be Expected"—first paragraph is NEPSZABADSAG introduction]

[Text] Although all parties, even all of society, may agree on the idea that a large part of state property must be transferred to private hands, privatization promises to be a lengthy process, made more difficult by struggles. "Happy privatization!" Istvan Tompe, director of the State Property Agency, said in one of his statements, after the public got the flavor of how little peace there is in removing the state from individual pieces of property, as a result of a few scandalous and litigated cases. At this time we once again ask him to respond, but before delving into the details of the fight for property, we will endeavor to clarify a few basic principles.

[Gal] Privatization has been going on for quite some time, but without knowing which parts of its property the state wants to get rid of, and which ones it wants to hold on to. Does the Property Agency have a concept of this?

[Tompe] One of our most important functions is to make recommendations in regard to such statements, so that the government can issue a privatization announcement as soon as possible, [a document] which describes the

goals and the actions to be taken. Potential investors must see a clear, transparent order so that they understand the intentions of the government. But preparing a fundamental piece of work like this takes time, therefore, for the time being I can report to you only on the way we are seeking locations for the stakes we want to drive into the ground.

It Must Be Started at the Two Ends

[Tompe] The clashing of extremes appears to be the best method for finding out what would be appropriate to sell, and what should be retained in the various branches [of the economy]. According to our concept the Property Agency acts as if it wants to sell everything, while the various ministries act as if they are the defenders of state property, against the Property Agency. Thus rational barriers to privatization could evolve.

[Gal] Most of the time the argument pertains to the question of whether the prospering or the near bankrupt enterprises should be sold. What do you have to say to that?

[Tompe] Quite naturally, the state wants to get rid of the bad ones, but it is obvious that investors with significant amounts of capital will be competing for the good ones. The state has proven to be helpless in regard to enterprises which have been losing money in the long term, but if these get into the hands of owners interested in return on capital, many of these enterprises may be made productive. On the other hand, huge business opportunities exist in successful enterprises; much more money could be made with a little imagination. It is likely that those who do not interpret these enterprises as two alternatives, but profess that privatization must be started at the two ends, are correct.

[Gal] It is possible that this matter should have been started with retail trade, where shops and department stores could also have been purchased by Hungarian private entrepreneurs. But the state passed up this opportunity, and enterprise leaders salvaged themselves into business organizations, thereby forestalling the possibility of placing the shops in the hand of shopkeepers, and taverns in the hands of innkeepers. Is it still possible to do something in this regard?

[Tompe] It is possible, and necessary to do something. There was a legislative proposal to this effect, but the Nemeth government refused to discuss it. Had it become law, it would have helped the development, and later the growth of a Hungarian stratum of small proprietors, thus helping to restore the social balance. But this party is far from being over. It is relatively easy to privatize enterprises still under state administrative jurisdiction, such as the Tuzep [Heating Fuel and Building Material Trade Enterprises] and the MEH [Waste Disposal Trust]. This must be accomplished by all means. Two paths may be followed in regard to another group of enterprises, including, for example, the foreign trade enterprises.

They could either come under state administrative direction first and then be privatized, or they could be privatized without this somewhat coarse interference, in agreement with them.

[Gal] And how about places where the sign above the gate already indicates a stock corporation?

[Tompe] Several methods are also available in these cases. Some of the stores became business organizations while the state enterprise remained above them. The solution is brutally simple: The state sells its shares and thus discontinues the enterprise. And if the state has been cheated out of its property, in cases where the state is no longer an owner, the National Assembly may decide to nationalize the stock corporations that were established in a tricky way. Although such a radical attack of proprietary conditions would be launched for a good purpose, it should still be considered whether it is warranted for us to enter into such actions. Although these enterprises were transformed into corporations with the intent of salvaging, this is still not the end of the story. The establishment of a corporation frequently catalyzes competition—real privatization. Although in my view both domestic commerce and foreign trade should be in private hands, it would be advisable to accede to the use of aggressive methods only in cases of ultimate emergency.

[Gal] Would this apply to foreign trade enterprises which enjoy a monopolistic situation?

[Tompe] Limited liability corporations are beginning to be established and new entrepreneurial ventures are functioning within traditional foreign trade enterprises. This branch is a harder nut to crack: Foreign trade entices the state to stay with it. The state must decide whether it wants to act in this field as a result of its ownership, or by way of regulation. Not only state property, but also private property can be regulated. But I believe that the privatization of foreign trade will take place as a result of establishing new enterprises.

A Depressing History

[Gal] I wonder how long it would take for private foreign trade enterprises to surpass the sluggish state foreign trade enterprises, as long as the latter are able to survive even if they do nothing but rent their premises?

[Tompe] This has a depressing history. Following nationalization, the hearts of cities which could today be the scenes of glittering businesses, were filled with offices. The deteriorated buildings which the enterprises do not own but only manage, can be rented at present for stunningly large amounts. The government may either let this pass by, or it can tell the enterprise: Henceforth you will not collect, but will pay the rental fee! Move out if you are unable to pay! We should try not to allow these enterprises to cross paths with privatization, and to achieve that the inner city or Nagymezo Street regain their past images. It is outright disturbing that some of the enterprises are being purchased by foreigners,

because their real estate is worth a lot. Similarly disturbing is the fact that enterprises which should be liquidated are staying alive by renting their premises. We are seeking solutions jointly with lawyers, architects, and urban designers.

[Gal] The hotel scene is quiet after the HungarHotels scandal, but IBUSZ offers sensations in some branches of foreign tourism. What else can be expected at the tourism firms?

[Tompe] There is a simple reason for the fact that in about 60 countries throughout the world where a privatization wave has occurred, primarily commercial enterprises have been placed in private hands, and within that foreign tourism, hotel enterprises. The reason is that in general these constitute secure investments, and provide a return relatively quickly. It is not worthwhile for us to place hotels in foreign hands, because one does not generally sell his cash register, nevertheless the management [of these hotels] should be renewed. A large-scale change in management cannot be expected from the ministry, from the foreign tourism office. But it may be expected from an owner, from a good hotelier, who keeps an eye on things, reduces costs, and discontinues the second economy which is indigent to hotels. Hotels must be privatized because this industry could start rapid development as a result of privatization; it would construct, expand—matters for which state budgetary resources no longer exist. Also in regard to IBUSZ, we are watching that not too much of the profits leave the country; we permit the influx of only as much capital as is needed for the renewal of the travel office. That we will do, however.

Know-How Being Prepared

[Gal] Rumors are, or at least the AFP news service has reported, that the Property Agency has requested three prestigious foreign firms to be its advisers. Is this true?

[Tompe] Yes. One should not wait until the Hungarian state piles up one mistake after another, then learns from its own experience how to privatize. We announced a competition to which three prestigious firms, Barclays, Price Waterhouse, and Baker & McKenzie responded as a group, and which they won from among 10 invited contestants. Their people are here already and are helping to formulate the functional order of the Property Agency. A handbook is being prepared to provide guidance regarding the distribution of work, how various things must be examined, and where the control points should be established. Both the employees of the Property Agency and our foreign partners need a predictable system which can be taught. This handbook or collection of rules is very important to operations.

[Gal] At the same time, it appears that these firms are also independently involved in various Hungarian privatization transactions.

[Tompe] They will not be involved in such matters as long as they work here. We jointly develop the criteria

for determining what is worth privatizing and how. One can make grave errors in this regard, therefore it is worth learning how privatization has taken place elsewhere. For this reason we are also reinforcing our other foreign connections. We already have an American citizen associate, and we are expecting two more British experts to work with us for two years. We are also relying on help from the World Bank. Thus we will perhaps succeed in rendering privatization a more professional and a more rational process, if not an idyllic, happy event.

Tungram General Manager on Expectations, Changes

90CH0215A Budapest FIGYELO in Hungarian
24 May 90 p 7

[Interview with Gyorgy Varga, General Electric executive and Tungram general manager, by Erzsebet Eller; place and date not given: "American Manager at Hungarian Firm: Tungram's Prospects"—first paragraph is FIGYELO introduction]

[Text] The workers' expectations are unreasonably high. Many of them want even faster and more radical changes than are possible. That is what Gyorgy Varga, Tungram Corporation's American general manager, told our reporter. She seems to have committed the same mistake the general manager warned against: She had hoped to hear of faster and more specific changes than are possible.

[Eller] Since February when you were appointed general manager of Tungram Corporation, you obviously view more realistically the enterprise that has been entrusted to your care. What areas have given you pleasant and unpleasant surprises, respectively?

[Varga] The many well-trained specialists at every level have been a pleasant surprise. And also that the technology is not so obsolete as I had expected. It must be admitted, however, that the picture is a mixed one: Besides equipment that meets the world level, there is also some very old equipment. On the other hand, the expectations are perhaps unreasonably high: Many workers want faster and more radical measures than are possible. Regarding unpleasant surprises: I had some idea of the high degree of bureaucracy I would be encountering, but what I have actually experienced is unbelievable. Every day we encounter something for which regulations specify by whom and how many times that thing must be approved. A part of this bureaucracy stems from externalities—i.e., decrees and regulations. But the rest stem from the enterprise's earlier style of management: from the earlier approach and belief, which many held, that reserving all decisions for themselves is what would make them managers. This will be the most difficult to change, but I think we will succeed.

[Eller] General Electric (GE) made no secret of its intention to buy 51 percent of Tungram's outstanding shares in order to make Tungram its European production base. I gather from what you have been saying that

this decision has certainly been a more fortunate one for GE than, say, a decision in favor of turnkey construction would have been.

[Varga] It was a much better decision. Indeed, it was much better than we had expected. In addition to what we have mentioned, GE has bought not only production capacity, but market share as well.

[Eller] In your place, I probably would not admit it either. But are you not satisfied with the purchase because the shares were undervalued and therefore you were able to acquire a majority interest cheaply? One hears views to that effect here in Hungary.

[Varga] I have not heard that view. I only read that the Hungarians think the consortium of banks, or rather Girocentrale, turned a little money into a lot of money very easily. But let us calculate! Tungram Corporation's profit last year was 600 million forints, which is not quite \$10 million. We bought half of that or \$5.0 million, which is not much more than three percent of our \$150 million investment.

[Eller] Why are you saying 600 million forints of profit in 1989? The figures in Tungram Corporation's balance sheet show a profit of nearly 1.5 billion forints. And in light of the statistics, the results of the firm's operations last year are surprisingly good.

[Varga] These figures are real, but they are misleading in that they show merely the result of Tungram's domestic operations. The customary system of accounting in Hungary treats foreign subsidiaries—the commercial companies in France, the GDR, and Great Britain—as separate entities. It is thus possible to achieve wonderful statistical results in Hungary, by having the Hungarian enterprise ship its finished products to a foreign subsidiary, where those products remain unsold in the warehouse. Thus the 600 million forints of profits I mentioned applies to Tungram as a whole, including its foreign subsidiaries.

[Eller] You, too, were present at the February press conference where a debate developed between journalists and the present chairman of Tungram's board of directors, formerly the enterprise's general manager. The debate centered on the desirability, from Hungary's point of view, of allowing a foreign competitor—GE in the given case—to buy a majority stake in Tungram. At that time you did not comment on whether the fears were justified that GE might rid itself of a former competitor by "starving" Tungram; or at least that the subordinate role GE was assigning to Tungram was undesirable for Hungary.

[Varga] I did not understand this debate then, and I do not understand it now either. After all, had the banks retained their shares, they would have been able to supply neither technology nor management and other business advantages. You can expect all that only from a company that is in the same business. What is the disadvantage in that?

[Eller] Let us review the specifics one by one. How does Tungstam's product mix fit into GE's? Which products do you intend to develop, and which ones will you phase out?

[Varga] Tungstam's results are very good in the production of incandescent lamps and lamps for automobile headlights. But they are relatively poor in the production of fluorescent lamps, and especially of compact fluorescent lamps. In what we are strong, it is "merely" a question of investment to maintain or expand our market share. In the production of ordinary fluorescent lamps GE will transfer its own know-how. In the production of compact fluorescent lamps, however, GE itself is weak; consequently, this is an area we will have to develop jointly to catch up with the European level. With a suitable program, we can become competitive within two or three years.

[Eller] GE is promising to invest \$50 million over four or five years, for Tungstam's development. That does not seem much.

[Varga] No, it does not. In my opinion, however, more will be invested. This year's plan calls for \$20 million of investment from that amount, including between \$7.0 and \$10.0 million for a production line to make lamps for automobile headlights. Before its fusion with GE, incidentally, Tungstam prepared a long list of the development projects that were necessary. We are now reviewing that list to decide what is absolutely essential, and what GE can transfer more cheaply.

[Eller] What, for instance, have you crossed out from the original list so far?

[Varga] We have not found any item that is unnecessary, but we did find items that GE will solve more cheaply. This is a relatively slow process, but a very important one. We must not plunge into investments irrationally.

[Eller] What do you mean by "more cheaply"? Perhaps you will transfer to the Hungarian enterprise the production lines that are no longer being used in America?

[Varga] If that is the logical thing to do, why not? But it is hard to imagine that this will happen. Whatever can no longer be used in America would probably be unsuitable for Hungary as well.

[Eller] But we have already seen factory units established in the provinces, with equipment the Budapest factories had "outgrown."

[Varga] That is not what Tungstam does. Our Nagykanizsa factory, for instance, is more modern than the one in Budapest. And to answer your original question, GE is the same kind of owner of Tungstam as of GE's other companies in America. In other words, the objective is to have everything operate as efficiently as possible.

[Eller] Does the \$50 million you mentioned also include research and development costs? What kind of cooperation has developed or can develop between Tungstam's and GE's research and development staffs?

[Varga] The research and development costs are extra. But the production of light sources is not space technology; it is something fairly simple. It is a problem, of course, that in recent years Tungstam has spent less on research and development than would have been necessary. GE's chief technologist happens to be here this very week, to acquaint himself with the possibilities in Hungary. The next step will be to devise a program under which American research and development specialists will come here for three- to 12-month tours of duty, and Hungarians will be sent on study tours to America. Furthermore, we have to agree on which research topics will be directed from here, and which ones from GE's other companies. That again is a slow and lengthy process.

[Eller] But the Ministry of Industry and the National Technological Development Commission are already referring to cooperation between GE and Tungstam as exemplary. Has joint research and development already started on any topic?

[Varga] Not yet.

[Eller] And what role will licensing and the transfer of know-how play?

[Varga] We will be getting licenses and know-how from GE free of charge. But it is still too early to say what that will be.

[Eller] You mentioned the outstanding Hungarian specialists as a pleasant surprise. Recently American managers have been brought over to fill five directorships. Have they been able to adjust to their jobs?

[Varga] It is a tradition in GE-affiliated companies that the chief financial officer is always a GE man. That is one of the positions that have been filled with American managers. The other positions are those of the directors for data processing, production, and West European sales. These American directors do not speak Hungarian, a difficulty which can easily be overcome: Each director has a Hungarian coworker who not only speaks English but is also a specialist in the given field. In addition to these directors, we have also brought over two American financial experts. There are also auditors in Hungary, but few of them are able to condense stacks of data into meaningful analyses and reports for management.

[Eller] What is your opinion of the factory managers? Are you also planning personnel changes there?

[Varga] Naturally, I do not know equally well all the managers of the 12 factories. There are managers of whom I have a very high opinion, but possible personnel changes fall within the competence of the director in charge of production.

[Eller] There has already been mention of Tungsram's West European sales force. What is its intended role in the future?

[Varga] It is absolutely essential to retain that sales force. Incidentally, GE's sales force and that of Tungsram have already been integrated. In places where both firms had local offices, those offices have been merged.

[Eller] Will Tungsram products be sold under GE's label?

[Varga] No. In West Europe, Tungsram is the better known brand name.

[Eller] Perhaps GE products will bear the Tungsram label?

[Varga] That is possible, but for the time being we are retaining both labels. That is because GE has an exclusive marketing program: It sells little in West Europe, but at good prices. Whereas Tungsram sells a lot, but different things, and hence at lower prices. Today these two kinds of business policy complement each other well. In the future, of course, we will have to decide how to introduce our new products in our markets.

[Eller] Forced curtailment, by administrative methods, of ruble-denominated export to socialist countries obviously has a profound effect on Tungsram as well. In the long run, would you like to increase your sales to the Soviet Union and the other CEMA countries?

[Varga] For us the freeze on ruble-denominated export means that between 600 and 700 million forints' worth of finished products remain in the warehouse. We hope to get permission to ship soon, because until then this inventory has to be financed with credit, at an interest rate of 25 to 30 percent. I do not think we will have an opportunity in the near future to expand our sales to that market. For even if Hungary in its trade with CEMA countries does change over to invoicing in dollars, settlement through clearing will probably still be retained for the time being.

[Eller] It was common knowledge at the beginning of the year that you were having liquidity problems. Is your firm now able to meet its bills?

[Varga] The holding up of payment orders by the bank pending sufficient funds is unpleasant for both the debtor and the creditor. I do not know how deeply we are in arrears, but the fact is that our accounts receivable exceed our accounts payable. It has never happened to GE that it has been forced to slow down its production because it has not paid its bills and therefore the suppliers have not delivered certain parts. Here I have had to face that, too. I will not deny that this has complicated, and is still complicating, my work.

[Eller] Payment problems aside, how are you satisfied with your Hungarian supplier industries?

[Varga] Although I am not an expert on this, I am told that in the future we will be able to obtain parts and

materials from abroad more easily than up to now. We are seeking suppliers who can guarantee better quality at lower prices. Which of course does not necessarily mean that we are seeking only foreign partners. But competition may also force domestic suppliers to work better and more accurately.

[Eller] Let us return to the question of Tungsram's efficiency. In February you indicated that 2,000 workers would be laid off.

[Varga] More or less in accordance with the planned schedule, 600 workers have taken early retirement so far.

[Eller] Are you giving the laid off workers severance pay?

[Varga] No. In America only senior managers get severance pay. But the remaining workers have fared well: We have raised the average wage level by 12 percent—differentiated according to individuals—and have set the minimal monthly wage at 5,500 forints.

[Eller] What role has the trade union played in this? In the long run, as an American manager, what relationship do you want to establish with the organs representing the workers' interests?

[Varga] The trade union can be a useful partner or a very unpleasant one. Here the trade union is also now seeking its place. I hope we will be able to work together well. In any case, we are in contact with the trade union. I myself am the type of manager who prefers to walk around frequently in the plant and talk to the men, because I dislike filtered information. The trade union can be a partner in this as well.

[Eller] But rumor has it that you let your coworkers make decisions independently.

[Varga] There is no contradiction in this. I do indeed delegate authority, but that could have the drawback of my becoming isolated. That is why I need direct contacts at every level and must be able to talk to others. But everyone has to be responsible for his own special field.

Shortcomings of Food Inspection, Grading Discussed

*25000745S Budapest NEPSZABADSAG in Hungarian
19 Jun 90 p 5*

[MTI [Hungarian Telegraph Agency] report: "Toxicologists in Budapest"]

[Text] Only our caricaturist's imagination placed Lucretia Borgia in the Budapest Hilton [caricature omitted] at the international conference of toxicologists. Aside from the joke, these people do not mix poisons; on the contrary, several hundred Hungarian and foreign authorities familiar with the antidotes to toxic effects met in Budapest. The four-day conference was opened by Minister of Public Welfare Laszlo Surjan.

Ferenc Simon, department head at the Veterinary University and the Hungarian organizer of the forum, responded to an inquiry by the MTI [Hungarian Telegraph Agency]: Hungary's public health, pharmaceutical industry, and food industry professionals may in the future become acquainted in more detail with the toxicological requirements established by West European countries and countries overseas in regard to food products, other consumer goods, and pharmaceuticals. Since Hungary exports meat products to more than 30 countries, high standards are being observed in the course of inspecting and grading them; on the other hand, there are things to be accomplished in fields where fewer products are exported. For example, the regular control of fertilizer, weed killer, and insecticide remnants that can be found in vegetables and fruits placed on the market by small producers is unresolved from a practical standpoint. These "remnants" may be found not only in food for human consumption, but also in animal feed, and the method of examination is unsettled. We are lacking modern, and rather expensive instruments. Accordingly, the introduction of frequent and more broadly based analysis is not merely a matter of intent and determination, Simon stressed.

Nuclear Research Reactor To Be Restarted

25000743E Budapest NEPSZABADSAG in Hungarian
4 Jun 90 p 8

[Interview with Zoltan Szatmari, Central Physics Research Institute acting director, by Katalin Magos; place and date not given: "Will the Csilleberc Reactor Be Restarted?"—first two paragraphs are NEPSZABADSAG introduction]

[Text] At the time the research reactor of the Central Physics Research Institute [KFKI] was shut down four years ago on 1 May 1986, they scheduled its renewal to take place over a two-year period. This is exactly the same amount of time as it took to build the reactor three decades ago. After changing the deadline several times, they planned to restart the reactor on the 30th anniversary of the first start, in April 1989. But the reactor was not restarted at that time and new promises were made instead: The reactor will operate at the end of 1989. They were also unable to comply with that promise, moreover to this date the reactor is not operational.

But people's imaginations are working even more, particularly since word has spread that foreign experts have examined the equipment. Various rumors are floating around about their report, causing unease in the neighborhood. On the other hand, others say the financial problems are the cause of delay experienced in restarting the reactor. To clarify this situation we asked Zoltan Szatmari, the acting director of KFKI, to provide us with information.

[Szatmari] There are prosaic reasons for the postponement of deadlines: the lack of delivery discipline on the part of enterprises that took part in the renewal. At the

same time, it would have been inappropriate to accelerate the final phase of the work which we performed, because the accuracy of this work determines the safety of the reactor.

[Magos] Is that why the renewal work was examined by international experts?

[Szatmari] The National Atomic Energy Committee [OAB] which places this reactor in operation requested the International Atomic Energy Agency [IAEA] to dispatch experts to perform a security analysis, and to express opinions regarding the equipment and the start up program quite independent from this [final phase of the work]. Three of their experts worked for 10 days at Csilleberc, and their final report, contained in a thick volume, indicates that what they saw and heard was good. They also made some useful recommendations.

[Magos] I do not know to what extent these statements will reassure people in the neighborhood. They are frightened about restarting the reactor.

[Szatmari] I am aware of the concerns of people who live here, but I find these concerns to be without foundation. And I do not understand their protest at all, because whoever lives in the vicinity of the KFKI was aware of the existence of the reactor at the time he moved here. That is, at the time the reactor was built, Csilleberc was a green pasture on the edge of the city, far removed from residential buildings and vacation resorts.

In my view, the fear manifested by the population much rather stems from the fact that nuclear reactors are still shrouded in secrecy. This is one reason why we believe that public education is important, continuous information concerning the reactor, including small or large shutdowns. We still hold regular presentations in the vicinity; we go wherever we are invited.

[Magos] Have financial problems hindered the reactor's renewal?

[Szatmari] Thus far we have had no financial concerns, even though the 780 million forints were expended from state budget funds for the renewal, and this amount exceeds the originally budgeted amount by 100 million forints.

[Magos] It is a well-known fact that operating research reactors is costly. What kinds of expenses does one have to deal with in the case of the KFKI reactor, and who foots the bills?

[Szatmari] Its annual maintenance at today's prices amounts to between 60 million and 70 million forints. I hope there will be money for it, because for the time being, thus far we have no promise for funding, but we are not aware of the opposite either. Thus I am confident that within the scheduled time frame, i.e. this summer, the so-called physical start up of the research reactor may begin, and that it may be fully operational by the end of the year.

YUGOSLAVIA

Bank Losses, Prospects for Recovery Discussed

90BA0183B Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 18 Jun 90 p 18

[Article by V. Grlickov: "The Banks: Unidentified Losses"]

[Text] The topic of bank losses is becoming relevant once again. After all, the question of whether a bank will be accepted at all for financial rescue by the National Bank or by the agency newly established for that purpose, or will go into bankruptcy, depends on losses (level and structure) and on the (un)readiness to adopt the rules of the game of the market. Certainly, the bank's credit worthiness and its ability to obtain and guarantee an inflow of "fresh" foreign capital or play an important role of servicing that flow depends on the losses of the banks and their capability as to capital, which as a whole today does not meet the international standard.

There still are no precise and public data on how large the losses of the banks are. For example, while it is public knowledge that the Federation intends to guarantee \$2.5 billion (about 30 billion dinars) for financial rescue from budgets solely on the basis of the so-called contaminated credits, it becomes immediately clear that the sum of the losses at the start of this year was considerably larger. To be sure, every contaminated credit need not always be reduced to a loss, since the reference is to short-term business operation in which the banks as a rule never acknowledge that everything has been lost (some they collect and some they make up for with high interest rates on better-off clients). But this does not essentially change the main conclusion: The sum of the losses is greater than \$2.5 billion, since the calculation ought to include not only contaminated (short-term) credits, but also long-term credits (receivables), as well as so-called dubious assets on the balance sheet. When all that is added up, it is possible that we are talking about losses between \$10 and \$12 billion.

We cannot be certain, of course, that that is a definitive figure. After all, the final balance sheet on the losses is not complete because the audit (in which international experts are participating) has not been completed.

At the same time, there is a big question of whether it will actually be possible to furnish the foreign capital at the level of the anticipated \$10-12 billion. In any case, it could be less if there is no readiness to use that capital as the basis for restructuring the ownership of banks and the economy.

For that reason, there are more cautious estimates indicating that a more realistic expectation at the beginning is only a total of about \$2.5 billion (30 billion dinars), which would have to be gradually increased in the second phase, everything depending on the willingness of the banks to accept the new rules of the game of the market. Here, we might even go to the sum of \$4 billion.

It is worthwhile to point up the apparent terminological difference which arises in discussion of losses and the financial rescue of the banks. It is one thing to put the assumed foreign capital, so sought after by everyone, in the context of financial rescue of the banks, and something quite different when it is placed at the service of entering a new investment cycle. After all, the very term financial rescue always presupposes coverage of some bank (and of some director and manager) for the losses and mistakes that have occurred, while capital placed at the service of a new investment cycle presupposes a prior restructuring of ownership, personnel, and production. Without this, the inflow of "fresh" capital is not possible, at least not in any large amounts. After all, those changes represent some kind of guarantee and security for what is invested.

It is obvious that the National Bank of Yugoslavia, or the Agency for Financial Rescue and Bank Deposit Insurance, face a big problem of how to carry out financial rescue and avoid the danger of maintaining the business "status quo." To be sure, the National Bank and the agency have "a free hand" (under the law) to make the financial rescue contingent upon changes in business policy and indeed the bank's management, that is, to make the financial rescue contingent upon adoption of new capital criteria in the conduct of business (so-called multipliers).

It is clear, however, that the republics and provinces do not want to accept that. For example, in addition to trying to "extract" as much capital as possible for financial rescue from the agency, they do not accept market-oriented financial rescue on the basis of securities (bonds) as proposed by the government. It is also clear, however, that the government and the National Bank of Yugoslavia are sticking with their commitment: They are insisting on securities as the instruments for financial rescue, instead of the old and "time-tested" method of simply paying the money for "financial rescue" into the account of the bank, without any prior guarantees that there will be business changes. At the same time, the government and the National Bank of Yugoslavia point out that full responsibility falls on certain forces in the republics and provinces when non-acceptance of the new method of financial rescue results in a series of bank bankruptcies. After all, when they refuse to accept the new market criteria, they are for all practical purposes "forcing" the adverse state which could jeopardize achievement of the second part of the reform goals of the federal government and the National Bank of Yugoslavia.

It is not, of course, a simple matter to "cut the thing off" and decide on the bankruptcy of a bank which is not meeting the most basic business criteria. Bankruptcy, after all, especially if it concerns one of the so-called large banks, could cause chain reactions, first for the economy centered upon it and then in the banks which have been its creditors. To be sure, the new market role of limited liability of founders (up to the level of capital invested, not their entire property) protects investors in a way

against risks for which they are not responsible (they did not make the decisions on the mistaken investments).

When financial rescue proceedings are initiated, and especially when a bank goes into bankruptcy, personal savings remain protected, since they are guaranteed by the Federation, that is, the National Bank (how much this will cost the state is a problem in itself). They have been insured, and payments on that basis have priority when proceedings are instituted against the bank and its business operation is blockaded. Of course, the alternative to bankruptcy and "extinguishing" the bank will not threaten savings, since it will be the obligation of the National Bank of Yugoslavia to make it possible on its own, or—which is more probable—through another bank which it designates, for citizens to handle without hindrance their savings kept in a passbook account and/or an account in the bank being terminated.

[Box, p. 18]

Opportunities for a Return on Capital

According to interpretations of the Association of Yugoslav Banks (Milovan Milutinovic), interest rates on bank credits are not excessively high. At the same time, in evaluating this phenomenon and the possible adoption of measures to "restrain" interest rates, it pays to be cautious and also take into account certain objective circumstances which bring about high interest rates. First of all, of their total resources (liabilities) banks still have at their disposition a relatively small amount on which they can freely collect interest through lendings.

Of total liabilities amounting to 523 billion dinars, the deposits available for collection of interest amount to 152 billion, and 118 billion of this are in the category of credits due for collection. That is, about 22 percent of total liabilities can be put out as interest and collected without hindrance. Beyond that, on about 20 percent of the liabilities, these consisting of foreign credits, the banks have additional costs which arise in the process of rescheduling.

Further, foreign exchange savings in the amount of about \$9 billion are serviced by the state, which pays the banks an interest rate which is lower than the one they carry as a cost in relations with individuals. There remain the so-called assets of the banks, which are said not to be large, and also primary note issue, which also cannot have a large part on balance sheets.

As for the income statements of the banks, in the first 3 months of this year they showed a loss of only 4.4 billion dinars. And that after committing 57 percent of gross income to writing off (adjusting the value of) uncollected claims older than 60 days. Another 37 percent is made up of costs for interest paid on borrowings, 13 percent are the expenses of work communities, and four percent goes for the category of material costs.

The conclusions drawn are as follows. The overburdened balance sheets of the banks do not allow for reduction of interest rates collected on credits unless the intention is to increase the losses of the banks or to transfer the losses from the economy (through the lower interest rates) to the banks.

HUNGARY

Peace Corps Volunteers Arrive

25000745E Budapest MAGYAR NEMZET
in Hungarian 20 Jun 90 p 6

[Text] The 61 American teachers who volunteered to teach English in Hungary beginning next fall were welcomed at a ceremony Tuesday afternoon held in the assembly hall of the University of Economics. Rector Csaba Csaky greeted the guests, who were taken from Ferihegy Airport directly to the reception. Thereafter, Minister of Culture and Education Bertalan Andrasfalvy addressed the guests. He began his speech with the old Hungarian greeting: "God has brought you to us," and then continued by saying that "the promise made by President George Bush not quite a year ago is being fulfilled at present. There is great need for you, the volunteer army of peace, not only because you will teach a world language, but also to get us acquainted with representatives of a free country. The learning of the language is very important, but even more important is the demolition of prejudiced ideas that have been fed to our country's citizens. I am convinced that knowing each other better is the condition for peace, and I very much hope that once you complete your mission to Hungary, you will be just as good ambassadors of Hungary in the United States as you are now the ambassadors of your own country."

Following brief remarks made by Don Kursch, U.S. Embassy charge d'affaires, we requested a statement from Andrasfalvy.

"The government has allocated 300 million forints for this purpose. This is no small amount if we consider the fact that I am part of a government that manages debt. This country has been plundered, but the amount allocated for the work of Peace Corps volunteers in Hungary will be recovered. With the knowledge of a world language, the path will open to greater tourism, and we will also be able to join in the workings of the world as a result. There is much more to this than learning a language. As I mentioned already, we are demolishing prejudices, and our American friends will provide help in this respect. Some of them will take part in universities and academies in training and retraining teachers. Thus, their work products will multiply because they will train teachers, [such as] Russian language specialists, for the teaching of the English language. Most of them will be going to gymnasiums and elementary schools, however.

"They have come here for two years, as the first heralds of a five-year program, and the modest salary paid by this country is supplemented by the U.S. Government. One thing is certain: One cannot get rich from that money...."

At best, we Hungarians will be enriched spiritually, we who presumably welcome our friends from America with love.

Workers Councils' Position Described

90CH0217B Budapest NEPSZABADSAG in Hungarian
19 May 90 p 4

[Interview with Lajos Somlay, National Federation of Workers' Councils chairman, by R.P.E.; place and date not given: "Who Will Shake Hands With the Left?"—first paragraph is NEPSZABADSAG introduction]

[Text] More and more has been heard recently about the workers' councils. What are they getting prepared for? Are they having a difficult or an easy time? Will their future be good or bad? We talked with Lajos Somlay, chairman of the National Federation of Workers' Councils.

[Somlay] Let us start with the numbers. Thirty-five registered workers' councils are currently in operation, and the same number are waiting to be registered. Among them are councils which represent eight to ten people, 200 to 300 people, and also some which represent more than 10,000 workers. Roughly calculated, more than 100,000 employees stand behind our movement organizationally—from Szabolcs to Győr, from Mosonmagyaróvár to Balassagyarmat. The problem is not in being widespread, but in the workers' councils not being allowed to exercise their proprietary rights.

[R.P.E.] According to popular opinion, it is the workers at seriously threatened enterprises that are crying out for workers' councils....

[Somlay] They are doing the same thing at firms which are operating well, too. For example, in Herend. But let me go back and describe our situation. Since February, when the national federation was formed and began to organize the cooperation of the local organizations, quite a few facts have come to my attention about the resistance toward us which has become apparent. For example, in several locations the person organizing the workers' council has been fired. There was one enterprise at which they gave the organizer five minutes to leave the factory.

[R.P.E.] Who were these people who acted so high-handedly?

[Somlay] Enterprise directors and frequently trade union functionaries. We were only able to feel some measure of protection when the State Wage and Labor Office made it known that the same rights that apply to trade union stewards and officers also apply to workers' council organizers.

[R.P.E.] What are you expecting from the new Parliament, the government, and the political parties?

[Somlay] There is no easy answer to that. We had been optimistic, because several parties had come out earlier in favor of the workers' councils. In the beginning it seemed that the Hungarian Democratic Forum (MDF) was also going to support the system of self-government being established by workers. Today, however, it is as if

they don't wish to recognize this movement. Knowing the agreement that came about between the MDF and the Alliance of Free Democrats (SZDSZ), it could be that the constitutional guarantee of the proprietary right by producers to seek self-management will also be stricken from the Constitution. This Parliament, these children of '56, who codified the 1956 revolution in the legal record, it seems as if they want to hear nothing about workers' councils. It is a strange situation: Long ago we were attacked because in '56—so it was said—we wanted to bring the capitalists back in, and now we are being attacked because we do not want capital to come back in. Besides, this is not true. We very definitely support the import of capital, if that is necessary, although we would like to safeguard the interests of labor and the common interests of the people. We are against mass firings and wasteful privatization at sacrifice prices, and above all, against them wanting to exclude the workers from ownership. We are against the capital-above-everything-else idea, which is actually being encouraged by the section of the MDF-SZDSZ agreement which concerns modifying the Constitution that I mentioned before. Of course, we have more than just new grievances and misgivings; older ones are cropping up, too. For example, when the national federation was formed, we wrote a letter to Matyas Szuros and Miklos Nemeth to secure their recognition of us. Matyas Szuros' secretariat responded, acknowledging our efforts, but left the decision on granting recognition to the new Parliament. Miklos Nemeth never did respond. Furthermore, we did not get an official response to our proposals on labor law or to our initiatives in connection with a new employees' law and enterprise law. Some of the platforms of the parties indicate that they want to deny the workers' councils the option of interpellation.

[R.P.E.] You do, however, have a relationship with the Hungarian Social Democratic Party—as we learned from a recently released communique and an appeal that was highly provocative in tone, both of which the Social Democratic Party issued to the press.

[Somlay] Since you mention it, I will have to separate myself and the Federation of Workers' Councils one more time from that appeal, since it is alien to the workers' council movement, even if Sandor Racz, who represents the Central Workers' Council—a workers' council in name only—has not done so to this day. As far as the Social Democrats are concerned: That discussion was of the type in which possible relationships are explored, and in which Anna Petrasovits, contrary to the communique, did not take part, but merely came in for a couple of minutes, then left. In this whole affair which has been exaggerated and mixed up into a great, rolling tempest, I find it unfortunate that Petrasovits' people have damaged the workers' council movement by the appeal and the inaccuracy of the communique. So this "relationship" is regrettable vis-a-vis our aspirations, and I cannot count it as a positive development. In any case, in spite of our earlier confidence, the situation is

not promising at all. In the form of a question, I have come to phrase it this way: Who will shake hands with the left?

[R.P.E.] So the workers' council movement is leftist?

[Somlay] Yes, because it defends the interests of the workers, not those of the bureaucracy, and not those of capital. There is nothing secret in this. That is the way it has been, and that is the way it will be, whether or not the politics that predominate are called rightist or leftist. And we are not a political organization either. We want to defend the workers' interests, among them—where it is necessary—self-management by producers, and the proprietary rights of workers' councils. We do not want to take possession of the entire economy, and we do not want to oppose honest efforts that aim at really resolving the crisis. In fact, we would like to work together with others toward this goal.

Public Officials Help Workers' Council Dismiss Herend President

25000746D Budapest NEPSZABADSAG in Hungarian
13 Jun 90 p 7

[Article by Janos Czingraber: "Herend: The Final Days of a President"]

[Excerpts] As this newspaper has reported, the enterprise council of the Herend Porcelain Factory withdrew its confidence from enterprise president Dr. Bela Felek toward the end of May, and passed a resolution to retire him. Anyone who has observed the fate of the world-renowned factory will also know that this decision put an end to a year-long tug of war. But there are some who feel that the final act of the play in Herend, performed at lightning speed, may be only the beginning of something: a signal to reckon with the old leadership.

And those who feel this way have some [valid] arguments. Present at the enterprise council meeting were Labor Affairs State Secretary Dr. Tamas Szabo, government financial adviser Dr. Istvan Bethlen, as well as Imre Palkovics, leader of the porcelain factory's workers' council—all of them Hungarian Democratic Forum [MDF] parliamentary representatives. And if we add to this that MDF Veszprem Chairman Dr. Tamas Hegedus also took part in the meeting, one may at least find an interpretation that the ruling party liquidated the 25-year president of a prospering enterprise.

The case is more complicated than that, however. The above-mentioned personalities were present in their capacity as experts, and, with the exception of Istvan Bethlen, they supported the struggle of a significant part of the collective for the removal of the president a year ago. They did so at the time as MDF activists in Veszprem.

Passions run high at Herend; it is difficult to be objective. [passage on debate concerning past inordinate premiums paid to leaders, petitions, preparations to strike,

previous action declaring the president incompetent, lack of response to initiatives, and dispute on financial situation omitted]

[Acting President Dr. Jozsef Jilek] "At the time the enterprise council was reelected two months ago, it was apparent that the position of the president had become more uncertain. We told him so, because the easiest way would have been for him to resign...."

[NEPSZABADSAG] "Do you see any political motive in relieving him?"

[Jilek] "Look, our enterprise council came about a year ago with the help of the MDF, then in the opposition. The leader of the enterprise council has since become an MDF representative in Parliament. Accordingly, the two matters cannot be dealt with separately. On the other hand, considering the fact that the majority wanted to see Bela Felek out of office last fall already, there should be no reason for me to recognize any political background." [Passage concerning previous efforts to relieve the president omitted]

[NEPSZABADSAG] "Yet, some people regard this exchange as a political demonstration...."

[Enterprise council leader, MDF National Assembly representative Imre Palkovics] "Do you recall last year's enterprise council meeting? At that time Bela Felek brought along a deputy minister and a division director, both of whom fiercely agitated on his behalf."

[NEPSZABADSAG] "Don't you think that they are saying the same now about the MDF as the ruling party?"

[Palkovics] "One must not forget that those were the days of the single-party dictatorship. And now the legitimate representatives of a duly elected party have come here to help an embittered community of workers."

[NEPSZABADSAG] "Is it true then that politics have entered into this plant?"

[Palkovics] "One cannot rule that out completely. There is great dissatisfaction among the people; they want to see the beginning of the exchange of unsuitable leaders. If that happens, will you invoke the claim that the dismissals took place by using Stalinist methods? The most distressing experience I have gained in my brief political career thus far is the way even the most decent intentions can be misinterpreted. I admit, I felt best when I was painting on porcelain for the Arab sultans." [passage omitted]

[Labor Affairs State Secretary Dr. Tamas Szabo] "We must find an institutional approach. We are preparing a package plan, on the basis of which the tensions surrounding the [enterprise] leaders, which irritate many, will be discontinued. These will range from unrealistic premiums through exorbitant pension payments, to weapons [held by the leaders]."

The state secretary anticipates that part of the cadre issues will be resolved by the autonomous [local] governmental bodies. The situation appears to be more simple in agriculture, where the rearrangement has already begun. [passage omitted]

[Szabo] "Our greatest concern is with the economic spheres [other than agriculture]. The rearrangement has partly begun already; many outstanding, well prepared professionals have been placed in leadership positions. But the former group of people is also present; we must find a legitimate solution by which they can be relieved of their duties." [passage omitted]

"In my view the action taken by the Herend workers, their self-organizing effort and firmness, was of exemplary value, and I am convinced that they deserved the political support [they received]."

Abortion Rate, 'Demographic Catastrophe' Discussed

25000746J Budapest MAGYAR NEMZET
in Hungarian 15 Jun 90 p 3

[MTI [Hungarian Telegraph Agency] report: "Family Congress in Budapest; Legal Abortion and Hungarian Demographic Catastrophe Are Related"]

[Text] The relationship between legal abortions of mass proportions on the one hand, and the Hungarian demographic catastrophe on the other, is clear cut: While annually 90,000 pregnancies are interrupted in our hospitals, the number of Hungarians has declined by 250,000 persons in ten years. During the past 35 years 4.5 million abortions were performed in Hungary. This is unprecedented on a global scale. This data supports the idea that the issue is one pertaining to the nation's fate, it was underscored at the Thursday opening session of the four-day family congress organized in Budapest for the discussion of the most important biological, legal, psychological, and social issues related to the lives of families. The conference, held in the Builders Headquarters, was organized by the National Association of People with Large Families in order to call public attention to the family's valuable role. The first day's agenda also included an item concerning the fact that Hungary has had the highest suicide rate in the world for the past two decades.

Justice Ministry Decree To Humanize Penal System

25000745D Budapest MAGYAR NEMZET
in Hungarian 20 Jun 90 p 4

[MTI [Hungarian Telegraph Agency] report: "They May Pray if It Does Not Endanger Order...."]

[Text] A new decree promulgated by the Minister of Justice provides that participation in religious services and spiritual services by chaplains must be made available to every convict. Accordingly, prisoners are entitled

to keep books needed to practice religion, as well as religious artifacts which do not endanger security. These entitlements, however, must not violate the order of penal institutions, and the orders of the court or the prosecutor in cases of preliminary detention.

In the future, prisoners who have children who are minors must be given an opportunity to decide about the religious upbringing of their children, and to communicate such decisions verbally or in writing to the legal representative of the child. Participation in religious services by prisoners is voluntary, and such participation may be restricted only if it endangers security or the

order of the penal institution. The decree provides that a prisoner's religious affiliation may be introduced as part of the records only upon his request and only in the interest of permitting the prisoner to exercise his rights. External organs must not be informed of such entries in the record.

During their free time prisoners may keep in touch with their chaplains without restrictions and control, and such contact may be initiated by either party. The penal institution is obligated to assist in the social welfare and caring activities of the church, as well as projects which help prepare prisoners for life after prison.

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